Daily Report

Latin America

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Cuba

Cuba: Castro Receives Honorary Degree, Criticizes U.S.

PA1106050496 Havana PRENSA LATINA in Spanish 0324 GMT 11 Jun 96

[FBIS Translated Text] Havana, 10 Jun (PL) — Cuban President Fidel Castro said today that one of the most important instruments for the domination of nations is the monopoly of technology, riches, and political power displayed by the United States.

The president spoke today in a solemn ceremony at the Council of State in this capital, during which he received an honorary degree granted by the Autonomous University of Puebla in Mexico.

The head of state said Cuba and Mexico share the circumstance and glory of having had to defend themselves from the expansionist and aggressive traditions of the same neighbor, and he recalled how this neighbor had occupied over half of the Mexican territory through an unfair and cruel war, which has now turned into xenophobia and hate.

Fidel Castro said those who profess themselves champions of human rights show the world a brutality that is uncalled for nowadays, as in the case of the beatings of Mexican immigrants who try to enter the United States — some of which were seen in television recordings.

What those Mexicans actually sought was to pass from one part of their territory — which was seized from them — to another and they cannot understand that hate, or the mental and physical wall erected in that place, he emphasized.

In another part of his statement he lambasted "the unequal development, monstrous consumer society, colonialism, and neo-colonialism created by the vast difference in our countries' lifestyles."

Fidel Castro explained that during the early years of the Cuban revolution the United States tried to leave Cuba without doctors or teachers but, if there were 6,000 doctors at the time there will soon be 60,000, all employed, in the right place and at the right time.

Our reaction at the time was to struggle for the new, whole man; and much has been achieved in the heart and spirit of solidarity, as proved by half a million internationalists, including fighters who shed their blood for independence or struggled against racism and fascism, he said.

Fidel Castro referred to the need to struggle against the globalization imposed on the world by the mighty; to defend ourselves and survive, even competing, but without losing everything.

I think about the universities and their role in this unequal, but tremendous struggle, and the satisfaction of having good universities like the one in Puebla participating in the struggle in a dynamic and active manner.

The Cuban president mentioned current difficulties and worries which afflict the world's population given the increase in unemployment and the lack of education, health, and housing.

He said that the United States opposed poor nations' interests both at the housing conference being held at Istanbul and the environment conference held at Rio de Janeiro in 1992.

In the leader's opinion, the region's nations will be able to wage the struggle only through the development of their intelligence and knowledge, because "the raw material for that whole man is within the heart and conscience of the Latin American people."

He then said that a formula must be sought to place the latest scientific and technical developments at man's service, and the universities' role in this cannot be replaced.

He praised the University of Puebla's history, saying it has continued to cooperate with its Cuban counterparts amid the U.S. blockade.

That is why we appreciate today's gesture so much, because this diploma represents centuries of honorable existence and symbolizes the history of an institution that, not content with looking toward the past, now wants to look toward the future, he ended.

Cuba: Counterintelligence Success in Santiago de Cuba

PA0906025096 Havana Radio Rebelde Network in Spanish 1700 GMT 6 Jun 96

[Report by Carlos Sanabria Marrero; from the "National Radio News" newscast]

[FBIS Translated Text] The Interior Ministry's counterintelligence in Santiago de Cuba has had remarkable success in its effort to protect the achievements of the Cuban people and the revolution.

On its 35th anniversary, Lieutenant Colonel Natanael Matos Santos, secretary of the party committee for counterintelligence, told this newscast that the Interior Ministry's work has devoted its attention to deal with enemy activities.

[Begin Matos Santos recording] We can say that our counterintelligence in Santiago de Cuba has virtually

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stopped the activities of counterrevolutionary organizations functioning abroad and those of enemies who attempt to harm our province from the outside. Our counterintelligence has also stopped and crushed the counterrevolutionary fifth column that has also attempted to raise its head in our cities and province, in collusion with counterrevolutionaries abroad. [end recording]

Cuba: CTC Discusses 'Efficiency Process Assemblies'

PA0906160196 Havana Radio Havana Cuba in Spanish 0000 GMT 5 Jun 96

[Report by Susana del Calvo; from the "Evening Information Review" newscast]

[FBIS Translated Text] Greetings, listeners. On Tuesday, we attended an interesting meeting at the National Secretariat of the Cuban Workers Federation [CTC]. There were discussions on the latest details of the efficiency process assemblies, which began today in the country's approximately 80,000 union branches [secciones sindicales] that should conclude in July. This efficiency process assembly is particularly important because the 1997 [economic] plan will be debated there.

CTC Secretary General Pedro Ross said that worker preparation and the administration of these discussions is far more important than the assembly itself. He also said that efficiency factors have to be improved with whatever resources are available.

Regarding this, Ross said that it is very important to develop economies in each individual workplace with autonomy. Several factors need to be highlighted, and he gave a very definite example: He said that the savings that takes place at the workplace should be a savings in salaries through efficiency and not by increasing the number of work-hours. He said that it is not a matter of saying let us reduce a certain amount, but it must instead explain how this will be accomplished. Ross said that this should take place in each of these meetings. Pedro Ross stressed that improvisation is what can most undermine this process.

Before ending this segment, we wanted to share Economy and Planning Minister Jose Luis Rodriguez' comments on of what the 1997 plan consists. He first explained Cuba's current planning situation and then explained the logic behind this planning.

Jose Luis Rodriguez also explained the plan's implementation, which should first include the government's goals for the 1997 plan and afterward, the coordination between the ministries and the administrative council, which will be aided by proposals made by the economic rank and file [base economica]. In other words, the workplace assemblies. Later, we will see the plan's compatibility at the branch level and later the plan's compatibility at Economy and Planning Ministry level.

This will then be presented before the National Assembly of the People's Government for approval.

There are various levels of planning; for example, there is the centralized planning, the balance of payment in convertible currency, the state's budget, food balances, fuel balances, decentralized planning through budgets in freely convertible and national currencies, and the appropriate planning for the nonstate sector and for treating the informal sector.

Cuba: Nation Returns to Central Bank Heads' Meetings

PA0906125696 Mexico City NOTIMEX in Spanish 1644 GMT 8 Jun 96

[FBIS Translated Text] Havana, 8 Jun (NOTIMEX) — It was reported today in Havana that Cuba has resumed its participation in the meetings of Central Bank presidents or governors of industrialized countries; a meeting from which it had been excluded for the last seven years.

Daily GRANMA reported that Francisco Soberon, National Bank of Cuba [BNC] (Central Bank) president, on 8 and 9 June will attend the International Payments Bank [Banco Internacional de Pagos] General Assembly in Basel, Switzerland, which will end on 10 June.

An official note stated that Soberon's participation in this forum, which this year will examine the effects of inflation and price stability and their connection with the strengthening of the banking system, "is specially significant for the BNC and the country."

The source added that Soberon is also planning to hold bilateral meetings with authorities from the central banks of Mexico, Spain, the United Kingdom, Switzerland, Venezuela, Uruguay, and Canada to revise issues of common interest.

The BNC, which is undergoing a technological modernization process, was created as the state's central bank in 1950, and Law 1298 ratified it as such in 1975.

In October 1995, Cuba announced that it will embark on a banking reform that will include new monetary policy instruments to meet the needs of the incipient private sector of the economy.

Soberon reported that the reform foresees changes in the BNC's functions, the implementation of more restricted credit policies, and the creation of new entities, such as investments, agriculture, industrial, and commercial banks.

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The banking reorganization will constitute a new step in Cuba's cautious opening to market mechanisms and foreign investments, the objective of which is to take on a five-year old recession that showed signs of having hit bottom in late 1995.

Cuba: Number of Joint Ventures Increases From Last Year

PA0906163896 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Jun 96

[Report by Marianela Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] Ibrahim Ferradaz Garcia, minister of foreign investment and economic cooperation, told the press that during the first four months of this year the number of joint ventures established has been greater than during the same period last year and that, so far, no request to dissolve the ones already established has been received. He noted that the implementation of the Helms-Burton law by the U.S. Government has not been a surprise to any of the businessmen who have accompanied us and stressed it was approved at a time when Cuba's economic process is in full recovery. In fact, he said, the discrete consolidation of the island's economy represents an additional inducement for foreign investors.

[Begin Ferradaz recording] We can never lose sight of the fact that in the confusing nature of the Helms-Burton law, within its sole and specific objective, which is none other than to declare much more openly economic war on the country, there are a few things that are, in my opinion, ... [pauses] In addition to those general elements, some things are very evident, and this is something of interest to foreign investors. First, we know that U.S. businessmen are the first victims of the Helms-Burton law. They are its victims on two accounts. They first thought their government was going to negotiate their claims and now they are seeing that it is not. Their government told them to go to court, and, in addition, there are few foreign investments that coincide with the claims by true U.S. nationals. They are also victims — and this is a topic to which I wanted to refer — because the possibility that U.S. businessmen will have access to Cuban markets evidently becomes even more remote. Another thing that is very clear is that businessmen from other countries who are with us will enjoy the additional benefit of a leeway, since they will not have to compete with U.S. businessmen in Cuba during this period of time. That's a fact. [end recording]

Ferradaz Garcia made this statement during the news conference to announce Decree-Law 165, which creates and/or develops free zones and industrial parks in four areas of Cuba.

Cuba: Construction Sector Seeks Foreign Partners

PA1006175296 Havana PRENSA LATINA in Spanish 2001 GMT 7 Jun 96

[FBIS Translated Text] Havana, 7 Jun (PL) — Cuba's construction industry — currently on its way to recovery and offering tremendous potential in human capital, cement quarries, ceramics, and ornamental rocks — is starting to revitalize after going through an extended period of recession and is looking overseas in search of new partners.

High-ranking officials from Cuba's Ministry of Construction confidently point out that their sector has been able to overcome the economic decline recorded in 1989 and 1993 and is looking forward to a more promising future.

This week, in emphasizing the promotion of investment and joint ventures, Construction Vice Minister Fidel Figueroa explained to a group of Spanish businessmen meeting in Havana with their Cuban counterparts the construction development priorities taking place on the island.

It is in Cuba's interest to ensure the internationalization of goods than can be readily and competitively placed on the world market, as well as to secure already exportable and traditional goods such as cement and marble.

For the past 100 years Cuba has been involved in extracting cement, which is currently being processed by six plants throughout the country with an annual installed capacity of 5 million metric tons for gray cement and 100,000 metric tons for white.

The Cuban Marble Corporation currently markets 12 varieties of ornamental rocks, such as the exclusively sold highland green and mountain orchid type. This allows an annual capacity of 300,000 square meters.

According to Figueroa, Cuba is currently developing corporate strategies and concepts which, by introducing changes to the current organizational structure, will allow us to practice different marketing techniques involving production and commercialization in order to meet the needs of our national and foreign clients.

In order to accomplish this objective, the Ministry currently relies on a number of industrial, commercial, service, and engineering corporations and complementary resources into which more than 1 billion pesos (equal amount in U.S. dollars at the official exchange rate) have been invested during the past decade.

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More than 35,000 highly qualified and experienced workers are currently employed in the construction sector or one of its divisions. In addition, 20 percent of the sector's workers are classified as professional and mid-level technicians.

Basic operation consists of manufacturing new products and improving traditional ones, substituting imported raw materials, as well as ensuring inexpensive energy sources.

The Cuban construction sector also has a research and development center, in addition to a staff-training institute. It is also involved in quality control, standardization, metrology, internal transportation, and storage.

With respect to the likelihood of ventures with foreign firms, the deputy minister indicated that Cuba encourages the establishment of joint associations with foreign firms for the tapping of new ornamental rocks deposits and the manufacture of ceramics.

Joint ventures are also being encouraged for the completion of three plants, one designed to produce glazed tiles or ceramic coverings, another to manufacture furnitures, and the third to produce and market abrasives disks for cutting and rough-hewing purposes.

Some offers of foreign capital include contracts for international economic associations for marketing Cuban construction products on the international market.

Included in this category are: Clay products for roofs, walls, and floors, concrete and cellular concrete [hormigon celular], asbestos-cement tiles and pipes, waterproofing products, asphalt base, PVC [polyvinyl chloride] pipelines and connections, iron, and woodwork for doors and windows.

The concept of introducing new products and acquiring advanced technology along with foreign investment is based on the need to manufacture gypsum board panels and ceilings, single-layer mortar, cement waterproofing systems, stoneware, and other technologies used in ceramics and molded polyester, among others.

According to official sources, this Ministry has a large stock of building equipment and machinery that largely needs restoration and repairs and for which financing is needed.

Various groups of enterprises linked to the Construction Ministry provide services overseas and engage in the construction of homes, office buildings, industrial plants, and works of infrastructure in Latin America, the Caribbean, and Africa.

Cuba: Government To Toughen Measures Against Prostitution

PA1006150396 Havana PRENSA LATINA in Spanish 1600 GMT 2 Jun 96

[FBIS Translated Text] Havana, 1 Jun (PL) — Today, Cuba announced the adoption of measures against soliciting, stiffer penalties against crimes involving the corruption of minors, and the addition of the crime of white slavery, among others penal code reforms intended to eliminate prostitution.

In statements to the weekly magazine JUVENTUD REBELDE, Attorney General Juan Escalona pointed out that his office had raised a proposal to the government aimed at penalizing those who profit from prostitution.

"We even intend to make it feasible for the courts to confiscate homes," Escalona added, referring to the owners of brothels, one of the trends that has rapidly become popular in the island during the decade of the 1990's.

The attorney general indicated that charges of corruption of minors could entail sentences of up to 20 years in prison, when aggravating circumstances are involved. In addition, the laws will be more severe in cases related to minors being used in acts involving homosexuality and prostitution, he specified.

Escalona stressed that, if the reforms that are currently being assessed are approved, even a simple indecent proposal to a minor or their use in panhandling activities could result in sentences ranging from three to eight years in prison for the offender. In addition, accessory charges would be filed against parents who condone such conduct.

The attorney general indicated that they intend to strengthen measures against drug trafficking and pornography, both of which are associated with prostitution, which has been excluded as a crime from Cuban legislation since 1959.

With respect to penalties instituted against prostitution at the beaches of Varadero, the country's must important tourism resort, Escalona pointed out that the island's authorities are obligated to clean up that major zone, since it was rapidly turning into an international scandal.

"We are running the risk of losing the extraordinary progress accomplished by the country in preventing the spread of AIDS and venereal diseases," which has increased dramatically, he added.

The attorney general stated that the struggle against prostitution will be permanent and rejected the notion used as an argument years ago by some tourism industry

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officials, who claimed that the sector would never develop without prostitution.

He recalled the words of President Fidel Castro, who said that, in order for Cuba to become a favored tourism center, it should be a country where paid sex, drugs, criminal activity, gangsters, and kidnappings are nonexistent.

Cuba: Roundup of Sugarcane Developments Through 9 Jun

PA1006032596

[FBIS Report] The following is a compilation of reports on sugarcane and sugar industry developments in Cuba monitored through 9 June 1996.

According to a 3 June Havana-datelined report, the Cuban Government has already obtained the necessary loans to finance the upcoming sugarcane harvest. According to unconfirmed unofficial estimates, the Cuban Government has obtained loans worth some $120 million for the current sugarcane harvest. (Havana PRENSA LATINA in Spanish 2256 GMT 3 Jun 96)

In Havana Province, at the ceremony marking the end of the sugarcane harvest, Manuel Cordero Aguila, secretary general of the National Sugar Industry Workers Union, congratulated sugar workers for their "heroic effort." Although Havana Province is not meeting its production target, its sugar production increased by 32 percent over last year's harvest. (Havana Radio Rebelde Network in Spanish 1700 GMT 3 Jun 96)

Sugar workers in Sancti Spiritus Province have met their spring planting goal one month ahead of schedule. On 1 June, this province finished planting their target of 792 caballerias. This province intends to plant 200 additional caballerias before mid-year. Santiago de Cuba and Guantanamo are the other two provinces that have already reached their planting goals. (Havana Radio Rebelde Network in Spanish 1700 GMT 3 Jun 96)

Sugar Industry Minister Nelson Torres has announced that while some 20 sugar mills still have sugarcane to grind, the production goal of 4.5 million metric tons of sugar will be achieved very soon. (Havana Radio Havana Cuba in Spanish 0000 GMT 4 Jun 96)

Cienfuegos Province met its sugarcane planting goal in May despite heavy rains. Sugar production has increased by 37 percent in comparison to the last harvest, the sugar recovery rate was 86 percent, which is the country's highest, and the yield was above 11.3 percent. (Havana Radio Rebelde Network in Spanish 1155 GMT 7 Jun 96)

In Las Tunas Province, 17 caballerias have been planted daily although 20 are required in order to achieve the goal of 1,430 caballerias by 19 June. As of 7 June, 1,130 caballerias have been planted, 149 were ready for planting, and 110 were still pending for plowing. Las Tunas is the second province, following Holguin, that has planted the most sugarcane for this sugar program. (Havana Radio Rebelde Network in Spanish 1155 GMT 7 Jun 96)

Sugar Industry Minister Nelson Torres visited Ciego de Avila Province, which has as its goal the planting of more than 1,500 caballerias, although only 620 caballerias have been planted. This province has thus far produced some 493,000 metric tons of sugar, which represent an additional 110,000 metric tons, a 29-percent growth, over last year. (Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 96)

Holguin Province has already produced more than 503,000 metric tons of sugar. Sugar cutters are determined to continue their work. (Havana Radio Rebelde Network in Spanish 1700 GMT 7 Jun 96)

For the first time in 20 years, Ciego de Avila Province will take over the repairs of trucks that are used in the sugarcane harvest. A section was inaugurated at the Sugar Industry Ministry's enterprise for the repair of truck motors, which used to be repaired in Holguin, Santiago de Cuba, and Havana Provinces. (Havana Radio Rebelde Network in Spanish 1155 GMT 8 Jun 96)

In Las Tunas Province, Otto Rivero Torres, national staff president of the Students' Work Brigades, said 95 percent of students will dedicate 15 days of their vacation time to help in sugar production. (Havana Radio Rebelde Network in Spanish 1155 GMT 8 Jun 96)

In Ciego de Avila Province, some 545 workers who have helped to cut sugarcane for five months are now helping in weeding the land. (Havana Radio Rebelde Network in Spanish 1155 GMT 8 Jun 96)

In Ciego de Avila Province, thousands of residents mobilized to the Bolivia Sugar Mill in an effort to save about 300,000 arrobas of sugarcane in areas that had been flooded. This province exceeded by more than 110,000 metric tons of sugar its last production. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Jun 96)

Aguada de Pasajeros Municipality in Cienfuegos Province took emergency measures because of heavy rains. At the 1 May Sugar Mill, the daily average of rainfall for last May was five times the normal average. This area, however, still has a production potential of

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1.5 arrobas of sugarcane. Over 10 percent of the land will be replanted. As a result of these heavy rains, 36 homes collapsed and over 300 were damaged. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 9 Jun 96)

Havana Province should plant more than 250 caballerias of sugarcane before the end of this month in order to achieve its goal of 800 caballerias. The Victory of Giron Contingent, which is comprised of 55 brigades, has cut 45 percent of the sugarcane that was ground at the Havana sugar mills. From this contingent, 1,300 men will continue working in the fields along with 15,000 Havana residents. (Havana Tele Rebelde and Cubavision Networks in Spanish 0000 GMT 10 Jun 96)

Haiti

Haiti: Policeman Killed by 2 Colleagues 6 Jun

PA1006130796 Port-au-Prince Signal FM Radio in Creole 2100 GMT 7 Jun 96

[From the "Signal Current Events" newscast]

[FBIS Translated Excerpt] One policeman died in Port-au-Prince on 6 June. Two of his colleagues apparently shot him because he did not identify himself, various sources confirm. Schiller died in a hail of nine bullets, because he apparently refused to identify himself when the other policemen asked for his badge.

According to reports from the area in which the incident took place, Germain Schiller, who was assigned to the Aviation Corps, went to kill a person he accused of having killed his father. Two policemen on a raid went to see how the operation was going [as heard]. They asked him for his identification card. Unfortunately, he did not want to show it, several people said.

However, Germain Schiller's mother says that the lawbreakers who killed Schiller's father and brother have always wanted to kill her son. According to her statements, when he went to work for the National Police, Schiller made a statement and had a series of lawbreakers — who killed his father and brother — arrested.

These same people, who had escaped from jail, set up a trap to kill Schiller, according to Schiller Germain's mother. She says she is awaiting justice.

We will point out that the National Police have already arrested the two policemen and are holding an investigation in order to understand better what happened. Schiller died in the Sainte-Bernadette area in Martissant. [passage omitted]

Haiti: Territorial Assembly Elections Detailed

96P20430B Port-au-Prince LIBETE in Creole 1-7 May 96 p 5

[By Yves Urfie]

[FBIS Translated Text] The territorial assembly elections are going to begin. The first election is for the Communal Section Assembly (ASEK) and the City Delegates (DV). The Communal Section Assembly should not be confused with the Communal Section Council (KASEK).

There are 563 communal sections. Each council has three members, for a total of 1,689 KASEK members. The territorial assemblies will have 4,872 ASEK members. (see table)

How will they decide the number of members in each ASEK? First, look at the 1987 Constitution, Articles 61 to 87-5. Also used is the law of 18 September 1978 on the territorial limits. However, it is Article 35 of the new territorial collectivity law, in particular, that was published in LE MONITEUR (4 April 1996) where we find more details on the number of delegates in the ASEK's and in the Municipal Assembly (AM). The law stipulates as follows:

The territory will be organized, and an official list of the family landholdings in each communal section will be published. Meanwhile, the number of individuals who will become members of the Assembly Communal Section depends on the number of people living in each communal section.

For now, the number of representatives to be elected are:

— For a section with fewer than 5,000 people: 7 representatives.

— Between 5,000 and 14,999: 9 representatives.

— 15,000 or more: 11 representatives.

The number of Municipal Assembly members depends on the number of people in each commune. For now, the numbers are:

— For a commune with fewer than 10,000 people: 11 representatives.

— 10,000 to 19,999: 13 representatives.

— 20,000 to 29,999: 15 representatives.

— 30,000 to 49,999: 17 representatives.

— 50,000 to 79,999: 19 representatives.

— 80,000 to 199,999: 21 representatives.

— 200,000 to 499,999 23 representatives.

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— 500,000 to more than 500,000: 25 representatives

(LIBETE translation)

The number of city delegates is between 1 and 122, depending on the size of the city, and according to the size of the city population and the communal section. Below are examples of a large city and two small cities:

Port-au-Prince: The city will have 22 municipal delegates. Each of the three communal sections has one city delegate. Total: 25 city delegates.

Lestere (Artibonite): The population of the commune is 33,523. It therefore has 17 delegates in the Municipal Assembly. The city has 11,580 people, i.e., 6 DV's. Lestere has two sections: The first section, Thacroix Perisse, has 13,047 people, i.e., 7 DV's. The second section, Petit Dedin, has a population of 8,896, i.e., 4 DV's.

Terre Rouge (Northeast): the population of the commune is 16,399. Therefore, it has 13 DV's. The city has a population of 6,768 people, i.e., 6 DV's. The first section (Fond Blanc, Failleton, Polet) has 5,456 people, i.e., 4 DV's. The second section (Grand Bassin, Quartier Grand Bassin) has 4,175 people, i.e., 3 delegates.

The numbers used to determine the population of each section or each commune are from the Haitian Institute of Statistics and Informatics published in 1995.

One of the most interesting articles in the territorial assembly law is Article 29.1, which explains the qualifications for candidates:

"Article 29.1: To be elected to the Communal Section Assembly, a candidate:

1. Must be Haitian and 18 years of age.

2. Must have all civil and political rights. He/she must never have received any serious punishment or any shameful punishment.

3. Must have resided in the communal section for two consecutive years before the elections.

4. Must fulfill all the conditions provided in the Constitution and the Electoral Law."

This is the first time a young man or woman has the opportunity to represent the section in an assembly. We hope that many young people will take the opportunity to bring new blood to the assemblies.

There will be three other elections after the ASEK and DV elections. The second one will be the AM elections, while the third will be the Departmental Assembly elections. Finally, the Departmental Council and the Interdepartmental Council elections will take place. The nine Departmental Councils will choose three people to send up to the three powers of government. Each of the three powers will choose one of the three names on the list who will become members of the Permanent Electoral Council.

Number of Department, City, and Communal Section Delegates

Department	Population	City Delegates	ASEK Members	Municipal Assembly Members	Departmental Assembly Members	Department Council Members	Interdepartmental Delegates
North	759,318	66	684	311	19	3	1
Northeast	248,765	42	284	181	13	3	1
Northwest	420,971	24	339	166	10	3	1
Artibonite	1,013,779	59	587	271	15	3	1
Center	490,790	31	329	204	12	3	1
West	2,494,862	86	950	350	18	3	1
Southeast	457,013	17	427	170	10	3	1
South	653,398	37	599	288	18	3	1
Grande Anse	386,779	28	390	184	18	3	1
Nippes	257,620	8	283	102	-	-	-
Country Total	7,180,294	398	4,872	2,227	133	27	9

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Mexico: Zedillo Discusses Fight Against Crime

PA1006233996 Mexico City NOTIMEX in Spanish 1924 GMT 10 Jun 96

[FBIS Translated Text] Mexico City, 10 Jun (NOTIMEX) — President Ernesto Zedillo today recognized that the most serious problem in Mexico City, the fourth largest city in the world, is the lack of security. Consequently, he said, no effort will be spared to fight crime.

"No effort or decision will be spared to improve security in the capital of the Republic, and I hope that soon citizens perceive a greater effectiveness of the agencies responsible for protecting citizens from crime," the president explained.

In a ceremony prior to his departure for Canada, where he will make an official visit, Zedillo expressed his confidence that a new period in the all-out war on crime will now begin. He added that crime undermines the personal and property security of the residents of this city.

The president delivered his message last Saturday after Mexico City Mayor Oscar Espinosa inaugurated General Enrique Tomas Salgado as public security secretary in the capital, replacing David Garay.

Upon hearing the report on the progress of the Alliance for Economic Recovery in the Federal District, Zedillo remarked that the Mexico City government is committed to encouraging economic activity while respecting the environment for family life.

The Mexican president said that significant progress toward the democratization of Mexico has taken place in the Federal District, and key decisions for the country's political reforms have been agreed upon.

In this ceremony, the president said that in the Mexican capital the parties agreed to elect in 1997, directly, the head of government [as received] and to advance new forms of representation.

The president added that the development of the country's capital is currently facing great challenges for the future. "We are working to achieve vigorous economic growth that will give us the jobs we have lost in the crisis," he added.

Mexico City must become an example of deregulation for the entire country if we want to achieve sustained growth for the capital of the Republic, President Zedillo stressed.

Speaking before Mexico City Mayor Oscar Espinosa and the 16 political representatives, Zedillo concluded that the fact the federal government is headquartered in this city gives Mexico City special importance for the political life of the country.

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Guatemala

Guatemala: Businessmen Criticize Helms-Burton Law

PA1006141496 Mexico City NOTIMEX in Spanish 1519 GMT 9 Jun 96

[FBIS Translated Text] Guatemala City, 9 Jun (NOTIMEX) — Private sector leaders today reported that Guatemalan businessmen criticized the Helms-Burton law because they feel it restricts free trade among nations. However, they called for caution in handling the issue to avoid friction with the United States.

The law, promulgated by U.S. President William Clinton on 12 March, reinforces the economic embargo against Cuba, an embargo that has been in effect for the past 35 years and establishes sanctions for third countries that do business with and invest in the Caribbean country.

The business leaders rejected any regulation that goes against the opening of markets and the practice of free international trade.

They noted that the Helms-Burton law is "clearly" interventionist and violates international law. In addition, they added, it is "unadvisable" in the promotion of broader commercial relations among nations.

They said that Mexico and Canada — the U.S. partners in NAFTA and leaders of the world's resistance to the Helms-Burton law — should continue the efforts for an eventual "defeat" of the U.S. measure.

However, they warned government officials to be cautious with regard to the U.S. law to avoid friction with Washington, the main trade partner for most Latin American nations.

It would be absurd, they stated, for Guatemala to enter into a conflict with the United States, its most important trade partner, and expose itself to trade sanctions for going into a market as limited as the Cuban market.

They said that trade between Cuba and Guatemala is almost nonexistent and that it has been at "insignificant" levels in the more than 35 years since diplomatic relations between the two countries were suspended.

In a recent interview with NOTIMEX, Guatemalan Economy Minister Juan Mauricio Wurmser remarked that the government of President Alvaro Arzu had expressed its rejection of the Helms-Burton law when it had to.

It is not that this is an issue involving the United States and Cuba; "it is the principle that must be rejected. It is a state issuing laws that have an extraterritorial nature," he added.

He said that, so far, no country has expressed solidarity with the United States and its Helms-Burton law and noted that Mexico, Canada, and the European Union should seek a solution to the controversy with Washington.

One of the members of the Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations said that only a "political component" [componente politico] could bring about a "commercial rapprochement" between Guatemala and Cuba, something that would be detrimental to relations with the United States.

Guatemalan official spokesmen admitted in March that officials of the Guatemalan and Cuban Governments were holding meetings to promote a new trade and cooperation relationship between the two nations.

Guatemala: Santiago Says URNG Combatants Reject Amnesty

PA1006231696 Guatemala City SIGLO VEINTIUNO in Spanish 6 Jun 96 p 4

[FBIS Translated Text] Yesterday, Commander Santiago, the chief of the Unitarian Front of the Guatemalan National Revolutionary Unity (URNG), asserted that URNG combatants reject amnesty as a process to reenter civilian society and noted that Military Intelligence personnel were the ones who started the rumors that such a possibility existed.

Santiago — of whom there were rumors that he had left guerrilla warfare — said that in principle no combatant agrees with the idea of an amnesty and that the constant public commentaries to this effect are part of the Army's psychological war.

We are sure, he added, that the official position of the URNG General Command will be to reject the amnesty because the Global Agreement On Human Rights does not include this as a possible means.

*The return of the guerrilla combatants to civilian life does not mean that the implementation of justice for those who have violated human rights will also be relinquished,*he argued.

According to Commander Santiago, if the rebels accept this process it would be a betrayal to all the URNG members, as well as an offense to all the combatants who have fallen in clashes with the Army.

We have fought for many years. We have fought for our ideals, and that is why we cannot forget them to accept an amnesty and, thus, benefit the true violators, he asserted.

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The Army's Size and Budget Must Be Negotiated

Regarding a new round of talks on the issues of the Army's role in a democratic society and the reentry of the URNG to civilian life, Commander Santiago said that the plan is to gear the debates toward the size and budget of the armed institution.

He explained that the combatants and the command do not approve of the Army's current budget because it is the ministry with the most resources, and their use does not benefit the population.

When the time comes, he said, the URNG will propose that the budget be modified and that the resources be invested in health and education. The Army, however, wants to continue with the same amount of money and maintain its hegemonic position in the country.

We will also propose the reduction of military personnel, both of troops and officers, although excluding from this reduction the people who have been charged with corrupt actions and human rights violations, he stated.

In summary, Commander Santiago said, we want the Army to conform to the new reality in the country, that the people's urgent needs be given priority, and that society be demilitarized.

Guatemala: Agenda for New Round of Talks With URNG Noted

PA1006145196 Guatemala City Televisiete Television in Spanish 1900 GMT 7 Jun 96

[From the "Channel Seven News" newscast]

[FBIS Translated Text] The official Guatemalan Government delegation and the insurgent delegation will start a new round of talks in Mexico today, in which the main item will be the Army's role in a democratic society.

The delegates will open a new stage in the search for peace in Guatemala by debating the role of the Armed Forces, the next point on the agenda agreed upon in January 1994. The meeting, slated to last two days, will be the first meeting of the two sides to debate the Armed Forces' role in a democratic society, a subject regarded as the most difficult on the agenda. The first stage of the meeting will enable the Guatemalan National Revolutionary Unity [URNG] and the National Peace Commission [Copaz] to outline the subjects to be discussed and the meeting's basic schedule. The subject Strengthening Civil Power and the Army's Role in a Democratic Society will be the seventh point to be debated. This is part of the effort to attain a definitive peace in this chaotic country, which has the oldest armed conflict in Central America.

Early in May, the government of President Alvaro Arzu and the URNG General Command signed in Mexico a historic agreement on socioeconomic aspects and the agrarian situation, which was regarded as central to the negotiations process that opened in 1991.

Sources close to the negotiations think the debate of the new subject is important, not only because it is the last important subject on the agenda but because it will determine the Army's role in a new society. During the internal war in Guatemala, which has lasted more than 30 years, the Armed Forces have reportedly violated human rights on many occasions and are held responsible for the disappearance of more than 150,000 people.

Since April 1991, the government and URNG have signed six agreements dealing with framework, human rights, a clarifying commission, uprooted populations, and development of the Indian peoples' identity. The negotiation process between the URNG and the government entered a new stage after President Arzu assumed office in January. Arzu has given strong impetus to the negotiations process by breaking old cliches. Arzu, who is regarded as a conservative politician, met for the first time with the URNG leadership even before he assumed office. This represented a landmark in the negotiating process, which was proceeding slowly.

The government is keenly interested in signing a definitive peace on 15 September, when the Guatemalan people commemorate their independence, Copaz President Gustavo Porras said.

Guatemala: EU Offers $250 Million for Development

96P20432A San Jose LA NACION in Spanish 4 Jun 96 p 1

[Received via Internet]

[FBIS Translated Excerpt] Guatemala, 4 Jun (ACAN-EFE)—Yesterday, official sources reveled that the European Union (EU) has offered Guatemala between $251 million and $263 million for the funding of projects derived from the peace accord with the guerrillas. The president of the Peace Commission (COPAZ), sociologist Gustavo Porras, said the offer is part of a fund that does not have to be repaid, designated for the Guatemala by the EU for the so-called postwar era.

In order to corrdinate this financial cooperation, Porras met in Panama with the president of the European Commission, Manuel Marin from Spain, who participated in the inauguration of the 26th Assembly of the Organization of American States (OAS). He traveled to Panama last Friday, 31 May, and returned on 3 June. Shortly

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after returning Porras said: "The Europeans have made an offer of cooperation and what it dealt with was discussing the terms and other requirements, such as how the Guatemalan Government is going to submit specific projects." He also reiterated his confidence in signing, "as soon as possible," a definitive peace agreement with the Guatemalan National Revolutionary Unity (URNG). This way, he said, the Guatemalan people can benefit soon from the international economic assistance offered and the internal efforts that the Arzu administration will develop. [passage omitted]

Guatemala: Bridge for Illegal Immigration

96P20432B San Jose LA NACION in Spanish 3 Jun 96 p 1

[Received via Internet]

[FBIS Translated Text] Guatemala, 3 Jun (ACAN-EFE)—Migration Director Ricardo Arenas said yesterday that Guatemala has become a "Bridge of Gold" in the trafficking of illegal immigrants to the United States. The official admitted that Guatemalans support the foreigners, who are on their way to the United States via Mexico, by welcoming them, giving them food and housing, and getting documents for them.

According to Arenas, in the first four months of 1996, the authorities have apprehended 1,000 illegal immigrants throughout the country. Forty percent of those detained, he said, are from Ecuador, followed by Indians, Chinese, and Central Americans.

Nicaragua

Nicaragua: Treatment of Chamorro's Back Problem Detailed

PA0706234596 Managua LA PRENSA in Spanish 6 Jun 96 pp 1, 16

[FBIS Translated Text] On the first American Airlines flight, at 0745 today, President Violeta de Chamorro departed for Washington, where she will be treated for a severe ailment in the lumbar section of her back that she has been suffering from since she returned from Taiwan three weeks ago.

Reliable sources reported that, during this last trip, she had to cancel the entire program for the last two days and eliminate sheduled events for others because of severe pain in the left side of her pelvis, which nearly keeps her from walking.

Taiwanese doctors who examined her in a Taipei hospital diagnosed a muscular inflammation that was exerting pressure on her nerves. They prescribed several anti-inflammatory and relaxing medicines and recommended complete rest.

She even canceled a trip to Kaohsiung, where she was to inaugurate a special exposition of Nicaraguan painters sponsored by the Mountain Group and which was extensively covered by LA PRENSA. The exposition was inaugurated by Foreign Minister Ernesto Leal instead.

Back in Nicaragua, she has stayed home, where she has attended to state affairs and received distinguished visitors. All this, however, has forced her to maintain a rhythm of activities that has not done her any good.

Her personal doctor, Dr. Mauricio Barrios, has been looking after her all the time and has ordered a series of ultrasound tests. Another physician who has been looking after her is Minister Secretary Dr. Rene Sandino Arguello, who accompanied her to Taiwan.

During her stay in Taiwan, she also underwent a thorough test called a Magnetic Resonance Imaging (MRI), which showed no lumbar vertebrae pressuring her sciatic nerve. The severe pain she suffers on her left side seems to be of a muscular rather than neurological nature.

Although her right leg was affected by the knee fracture she suffered during the 1990 electoral campaign, it is this leg that she must lean on to walk.

After receiving treatment in Nicaragua for two weeks, she decided to fly to Washington, where her daughter Claudia Lucia Chamorro lives, to get treatment at a local hospital, where she will be attended by a prominent neurosurgeon.

Her ailment started on 18 May, while climbing down from a Malaysian Airlines plane at the Chiang Kai-shek Airport in Taipei, where she had gone to attend the inauguration of President Lee Teng-hui.

It was reported that, although the plane did not offer first class service, it did have seats in the first class section. The crew, however, never let the president ride more comfortably in one of these seats, although she was already complaining of pain.

Maria Eugenia Stadhagen, chief of presidential protocol, did everything possible for Chamorro to have a more comfortable seat, but the crew members refused to give her this deference she deserved as head of state and as a person with health problems.

On arriving in Taipei after a flight of more than 12 hours from Vancouver, Canada, she experienced acute pain when she tried to stand. The protocol ceremony scheduled for the next day at the Chiang Kai-shek monument had to be canceled.

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On Monday 20 May, she participated in President Lee's inauguration and on Tuesday in a ceremony to decorate four Taiwanese government officials and several businessmen who have made investments in Nicaragua. The businessmen were decorated for their efforts.

[Managua BARRICADA in Spanish on 7 June 1996 carries a report by Freddy Garcia Eschke that adds that Vice President Julia Mena Rivera could assume office as president because President Violeta Chamorro has been virtually absent from office for the past 20 days as the result of a neuromuscular ailment. The report continues to say that Chamorro's illness forced her to travel to Washington to seek medical help. It adds that, according to an official communique, President Chamorro could be back in Nicaragua next week if the doctors succeed in controlling the severe pain that keeps her from walking. The tests in Washington could take longer than anticipated. The Constitution also stipulates that the "vice president automatically assumes office as president if the titular" is away for more than 15 days or if the National Assembly declares her temporarily disabled.]

Nicaragua: President Released From U.S. Hospital

PA0906221296 Mexico City NOTIMEX in Spanish 1949 GMT 9 Jun 96

[FBIS Translated Text] Managua, 9 Jun (NOTIMEX) — Nicaraguan President Violeta Chamorro has been released from a hospital in Washington D.C., in the United States, where this week she was examined for a muscular ailment, relatives of the president have told the local press.

Cristiana Chamorro, daughter of the 67-year-old Nicaraguan president, has told the afternoon daily LA PRENSA that her mother is recovering after undergoing medical checkups at Georgetown Hospital last Thursday.

Chamorro is suffering from a neuromuscular ailment, which was diagnosed after her return from Canada and Taiwan. During the past two weeks, she has been away from her office at the Presidential House in the capital.

The president's daughter added that her mother will rest in the U.S. capital, where she is expecting the arrival of some cabinet members who, in the next few days, will attend a meeting with the community of donor countries.

Nicaragua: Police Deny 'Chispero' Arrested

PA0806013796 Managua Radio Nicaragua in Spanish 0004 GMT 8 Jun 96

[Report by Marvin Vasquez]

[FBIS Translated Excerpt] National Police Deputy Commander and spokesman Arnoldo Pastran has flatly denied reports that the so-called Commander Chispero has been arrested. This is all he said about the reported arrest of the commander.

We talked to Commander Juanita Bulyes, current chief of Territory 4, who also confirmed that Chispero has not been arrested, as reported earlier, by relatives of a person who was injured during Radio Corporacion's takeover. Commander Montealegre, general inspector of the National Police, has said that, if Chispero has indeed been arrested, he would have to be handed over to the proper authorities.

Even if the owners of Radio Corporacion have not accused him of the station's takeover, he would have to be booked ex officio because the National Police by law must arrest and hand over to the proper authorities any person involved in illegal activities.

This is all the more so in this case because a person was injured. [passage omitted]

[Panama City ACAN in Spanish at 2033 GMT on 7 June in a Managua-datelined report adds that "the group of former contras who took over Radio Corporacion for more than 12 hours handed over the station to Lino Hernandez, executive secretary of the Permanent Human Rights Commission, and station co-owner Jose Castillo Osejo." The item says that "the takeover was led by Leonardo Zeledon, a.k.a. Commander Chispero, who backs the presidential candidacy of Enrique Quinonez and does not recognize Fabio Gadea Mantilla, president of the Nicaraguan Resistance Party (PRN) and Radio Corporacion's co-owner."]

Nicaragua: 'Chispero' Reportedly Freed on Medical Grounds

PA0906180296 Panama City ACAN in Spanish 1434 GMT 9 Jun 96

[FBIS Translated Text] Managua, 9 Jun (ACAN-EFE) — The National Police released five people with links to the former Nicaraguan Resistance, after being detained for investigation over the alleged participation in the occupation of Radio Corporacion in this capital.

Nicaraguan Resistance Party (PRN) sources reported today that Leonardo Zeledon, alias "Comandante Chispero," who led Friday's occupation of the radio station,

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was also arrested that same day and released for medical reasons yesterday, Saturday.

"Chispero," a wheelchair bound war veteran who leads the PRN, is under house arrest, but his case remains open. He must appear tomorrow before Managua's common tribunals.

Those freed are Maria Auxiliadora Aleman Rivera, Marcia Guadalupe Mojica Maldonado, Carmen Maria Aguilar Gutierrez, and Mario Zeledon Delgado, the 16-year-old son of "Comandante Chispero."

The unarmed group, led by "Chispero," took over the radio station, one of the country's most popular, in protest because the Supreme Electoral Council (CSE) had not included in the preliminary listings Enrique Quinonez, PRN presidential candidate for the 20 October elections.

Quinonez was not included in the list published by the CSE on Friday because his candidacy was not registered by the party's local representative Fabio Gadea Mantilla, joint owner of the radio station that was occupied for 24 hours.

Gadea Mantilla, who is the PRN president, argued in turn that he did not register the group headed by Quinonez and Noel Rivera, because in order to attain the needed number for registry, they committed fraud at the party's second congress by using the votes of absent members.

PRN vice presidential candidate Noel Rivera, whose name does not appear on the CSE's preliminary list, accused Gadea Mantilla of "having ordered" the "violent" arrest of the people who were later freed on Saturday.

Gadea Mantilla, in turn, denied having asked the authorities to make the arrest and asked the National Police to publicly clarify the matter. He did admit to having reported, as a joint owner, the occupation of "Radio Corporacion."

The "Radio Corporacion" co-owner reported today that the group who occupied the radio station had planned to destroy it, therefore he asked for police protection for the studios and transmitter sites.

CSE President Rosa Marina Zelaya promised to receive a PRN commission next week to discuss the absence of Quinonez and Rivera from the preliminary list of presidential candidates.

Nicaragua: Armed Groups Disrupt Voter Registration

PA0906214396 Panama City ACAN in Spanish 1816 GMT 9 Jun 96

[FBIS Translated Text] Managua, 9 Jun (ACAN-EFE) — This weekend, men organized in armed groups prevented the opening of three voting centers in remote areas on the border with Honduras, disrupting the special voter registration.

Supreme Electoral Council (CSE) President Rosa Marina Zelaya reported that voting centers did not open today in Aguas Calientes, El Guapinol, and Planes de Vilan in northern Jinotega Department.

During the "This Week" program broadcast by Managua's Canal Dos television station, Zelaya said that the armed men entered those places on Saturday to stop the registration process.

The CSE president noted that in order to protect the lives of the officials of the voting centers and the overseers, who were appointed by political parties, it was decided not to open those centers.

Last weekend, a similar problem arose in the Bocana de Paiwas area, in the center of the country, where 60 voting centers did not open on account of threats by armed groups.

The official noted, however, that all the voting centers opened there this weekend.

Zelaya said that in order for the citizens of 26 municipalities from the country's central and northern areas, who have not registered during the two weekends that were established for this phase of the electoral process, they are considering the idea of expanding this period of registration.

Electoral officials expect that 970 voting centers will be functioning in these 26 municipalities.

Zelaya added that the five members of the CSE will meet tomorrow, Monday, to assess the results of the second registration weekend and to decide whether it is necessary to expand this period.

The CSE president said that last weekend approximately 140,000 citizens out of 282,189 who are eligible to vote in these 26 municipalities were registered, representing 49 percent of the electoral population.

The "ad hoc" registrations are taking place in those 26 municipalities where the citizen registration program was not conducted for security reasons and the weak or nonexistent presence of the state.

After registering their names in the electoral lists, the citizens receive a "civic identification booklet," which enables them to vote in the general elections scheduled for 20 October.

This weekend, approximately 185 international delegates are observing this phase of the electoral process,

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including guest supervisors and ambassadors with "courtesy passes" to oversee the registrations.

In addition to threats by armed groups, the 26 municipalities are also facing other difficulties — including the lack of documents for the peasant population to register — to carry out this process.

Since peasants lack passports, drivers' licenses, or social security cards, they have to identify themselves through two sworn witnesses, who are advised of the penalties for perjury if they do not tell the truth.

Last Friday, the CSE published a preliminary list of the 32,000 names of the candidates for president, vice president, national deputies, Central American Parliament deputies, mayor, and councilmen.

So far, 33 out of 35 legally established political parties have submitted their list of candidates, including 22 presidential candidates.

Nicaragua: Armed Groups Continue 'Violent Attacks'

PA0906220696 Mexico City NOTIMEX in Spanish 2008 GMT 9 Jun 96

[FBIS Translated Excerpt] Managua, 9 Jun (NOTIMEX) — The police have disclosed that this Sunday armed gangs have continued their violent attacks in northern Nicaragua, where some 300,000 people are participating in the last phase of electoral registration.

The National Police (PN) have reported that a group of agents, who were protecting officials of the Supreme Electoral Council (CSE), have clashed on two occasions with criminal groups in Jinotega and Matagalpa Departments (provinces) in the northern region.

The police report pointed out that the first clash occurred last Friday night in Los Alpes in Jinotega Department and lasted 15 minutes. No one was killed or injured on either side, however.

The second incident, the source added, did not leave any victims either and occurred today in Waslala in Matagalpa Department, some 200 km north of Managua. [passage omitted]

Nicaragua: Arce Expounds FSLN Position on Elections

PA0806151496 Managua BARRICADA in Spanish 31 May 96 p 4

[FBIS Translated Text] Commander Bayardo Arce Castano addressed the "Elections 96" seminar and said that "in the FSLN's [Sandinist National Liberation Front] opinion, the greatest challenge that all Nicaraguans face, and that the Sandinists assume, is to be able to make Nicaragua competitive in the 21st century, at least at regional level."

In the first part of his exposition, Commander Arce did not refer to the negative allusions to the FSLN by Dr. [Jose] Rizo, [vice president of the Liberal Constitutionalist Party], but simply expounded on the topic for which he was invited by the Bar Association. However, he answered Rizo during the question and answer segment; and he even proposed that the Liberal Alliance sit down with other political parties to create the Electoral Ethics Code, accept the electoral results, and draft an agreement on the ability to rule.

While expounding on this topic, Arce Castano said that, "due to historical, economic, and political factors, Nicaragua has lagged behind the other Central American countries in terms of economic growth, social security, progress, and development."

He said: "It is a fact that the economic and technological globalization process will have reached such development levels by the 21st century, based on computer technology, that we will face an irreversible process if we are not able to catch up with the other Central American countries."

Arce explained: "In the economic sector we are actually experiencing a shrinkage in many cases, and a relative standstill in others. It was not until this year that we could talk about economic growth, which did not even represent 2 percent of the GDP, with exports that barely totaled $450 million, when Central American countries' exports surpassed the $1.5-billion mark."

"This is the result of an inappropriate economic policy that was mechanically assumed by international organizations with which we could not negotiate, based on the conditions that prevailed in the country in 1990. This led us to a situation in which 58 percent of the population is unemployed, without the possibility of supporting their families, while in the previous decade we managed to curb unemployment to less than 10 percent and three out of every four Nicaraguans had a job, despite the years of war and the blockade in 1989.

The Sandinist leader stated: "This has also led to the social sector's deterioration and this is turning us into one of the most unsafe countries in the Central American area. Unemployed persons who previously received 9 million medical consultations every year and now receive only 2.8 million consultations, and people whose life expectancy had risen to 66 years and has now dropped to 59 years, are obviously people who feel tempted to solve, de facto, a number of problems they face in their daily life."

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"People who once had a 12-percent illiteracy rate and now have an illiteracy rate in excess of 30 percent are obviously people unprepared for the challenges of a globalization and competitiveness that are swiftly coming with the end of the century," he said.

"The only way to solve this difficult situation, in which the famous economic shock programs were implemented as a result of poor negotiations with international organizations, whose result was the currency's relative stability, is through a nationwide effort," he stated.

"After all, we must admit that the currency's relative stability has led to a recession in production, a shrinkage of the economy, and social deterioration," he said.

"We believe that only a government of national unity, where we can combine all the political, social, and economic groups, and all the Nicaraguan peoples' talents, will allow us to give this nation the necessary speed to catch up with the rest of Central America and enter the 21st century in competitive state, with real hopes for the future of Nicaragua.

"If we get the vote, we are planning to develop a government method of which Mrs. Chamorro failed to take advantage: The consensus method. It is necessary for all the country's political and economic decisions to be concerted with the main forces involved in and adversely affected by these decisions. We cannot continue with the logic that groups of technicians or groups of politicians describe themselves as the wisest groups to seek a solution without any type of exchange with the civilian society about which Dr. Alvarez Montalvan talks. We cannot allow these groups to impose on the entire nation what they believe is good. In this country, there are no conditions for things to be handled this way.

"As for the main aspect, we believe that there must be an unequivocal prioritization of the tasks that must be done. The shortage of resources and Nicaragua's limitations can be hardly broached efficiently. The country has all these tasks pending.

Prioritize Production

"We have made the reactivation of production an option. For us, the leaders of a new Sandinist opportunity, economic agents and production constitute a priority. If there is no production, the problem with jobs is not resolved, the problem with poverty is not resolved, the problem with hunger is not resolved. The problem with dependence is not resolved.

"What does making production a priority imply? It implies that all the foreign resources our country can obtain should be assigned to productive tasks and activities and all the other economic, fiscal, credit and tax policies must be subordinated to the objective of improving production.

"We cannot work under the premise that, on one hand, efforts are being undertaken to revive production, while, on the other, cadres are doing the opposite.

"Meanwhile, the banks are allowed, without any restriction or framework, to outline interest policies even if they stifle any chance of an economic recovery. This does not mean that the state should run all banks, but it means that we should meet with the banks and discuss their role in society.

Complain to the Government

"We must discuss with them why the government administers the resources as it currently does, including AID and EU funds and resources donated by many countries and funnels them through Central Bank Development Bonds or through the Nicaraguan Investment Fund, while the banks calmly take those low-interest funds and charge people 6 and 8 percent. Why should we allow the funds given to us by friendly countries to resolve our problems become a mere business opportunity for the bankers? Why shouldn't we negotiate with them reasonable rates as it is done in other countries?

"When the banks manage other people's money, their profit margin does not exceed 2 percent. What we need to do is to discuss the credit policy with the banking sector; the tax policy with the industrialists and the businessmen; and the country's fiscal policy with the economic groups. We need to talk about the areas in which we should allocate the resources spent by the Central Government. Obviously, if we make it a priority to assign all the foreign resources and those generated by domestic savings to reviving production, we could begin to generate, in a speedy manner, the capacity to face the social problems plaguing Nicaragua.

Waste of Resources

"To begin with, this action would help generate more jobs. Having two or three persons supporting a home is not the same as having only one or, at times, no one supporting a home.

He indicated that only through the recovery of production will the needs of the educational system be met so that Nicaragua can again maintain an upward trend to educate the future generations, which will be responsible for tackling and continuing the challenge of taking the country forward. When the revolution triumphed, there

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were 12,700 teachers in contrast with the 28,000 teachers, not including the 25,000 people's teachers [educadores populares], we left when we turned power over. When the revolution triumphed, there were 400,000 students and when we turned power over, there were more than 1 million students. We left more than 10,000 students earning their degrees with scholarships abroad, and now, these students, who have returned with their professions and degrees, are selling trinkets at the traffic lights.

This can be described as wasting the country's human resources.

Nicaragua: Editorial Questions U.S. Stance at OAS Meeting

PA0906133096 Managua BARRICADA in Spanish 8 Jun 96 pp 1, 6

[Editorial: "Always the Cynics"]

[FBIS Translated Text] The double standard is probably the principal characteristic of the United States in its foreign policy. Once, a U.S. president referred to dictator Anastasio Somoza as follows: "He is a son of a bitch, but he is our son of a bitch."

That criterion governed U.S. relations with one of the worst dictatorships in Latin American history. That is why, the United States did not care to keep the Somozas in power and, worse yet, arm them and defend them in all international forums. At that time, Nicaragua was a member of the "democratic" countries, according to the U.S. definition.

Consequently, it is difficult to be surprised by the cynical remarks of gringo ambassadors against the Latin American governments which, using their legitimate right to defend their interests, questioned at the OAS the abominable Helms-Burton law, the scope of which is intolerably interventionist in the internal affairs of all countries of the world.

The North Americans are imposing their atrocious neoliberal policy all over the world. This is another way of imposing the principle of survival of the fittest because they know it benefits them. They proclaim all over the place that the market is the new god, that there should not be barriers to trade between nations and companies. However, they feel hurt because others apply those principles with Cuba.

They say that the free market is a basic part of democracy. And they become furious because others, including their main allies, trade with Cuba. Infuriated, filled with arrogance, they invent crimes and draft odd laws to punish said crimes; all, in the name of their democracy.

And, as if that was not enough, they accuse those who reject their Helms-Burton law of interventionists, simply because they don't let others tell them with whom and when to trade. With what moral authority does the U.S. representative to the OAS or Ambassador Maisto in Managua speak of interventionism, when they are the champions in that area?

A quick overview of national history, the history of Haiti, the Dominican Republic, Guatemala, Chile — where Maisto is sadly remembered — Panama or Grenada, provide irrefutable evidence of the "merits" the United States has to win the world championship of interventionism.

Even more, how do they dare call Latin Americans interventionists when the law their "sacred" Congress and their president approved against Cuba is a homage to interventionism? Isn't it true that said law was done to penalize and persecute those who dare to do business in Cuba, even if they are not U.S. citizens? Worse yet: They will punish, based on what they say is a "crime," the governments that maintain commercial relations with Cuba.

Maisto criticized the OAS — which luckily stopped being the "Ministry of Colonies" of the United States — for not issuing a pronouncement on the human rights situation in Cuba or on Cuban elections, where candidates win with 100 percent of the vote.

In other words, Mr. John [Maisto] questioned Latin Americans for not meddling in the internal affairs of Cuba. He denounced interventionism in U.S. affairs and then asked others to intervene in the affairs of Cuba. Can you believe that!

Just like the North Americans have suddenly relived a passionate defense of their sovereignty, in that same measure others, those of us in Latin America, demand that the United States do not intervene in our affairs.

And it is our business whether or not we trade with Cuba, if we have or don't have relations with Cuba.

The United States is not the government of the world, the policeman of the world, or the guardian of democracy in the world. Congressmen and the White House tenants don't have authority, either, to demand anything from Latin American governments.

John Maisto is an ambassador, not a proconsul. U.S. diplomats have no authority to meddle in affairs outside of their competence. In other words: They should stick to their own affairs.

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Nicaragua: Electoral Council Unveils List of Candidates

PA1006133996 Managua EL NUEVO DIARIO in Spanish 8 Jun 96 p 2

[Report by Edgard Barbarena]

[FBIS Translated Text] Yesterday, the Supreme Electoral Council [CSE] published a preliminary list that includes the names of the more than 25,000 candidates for public office registered by the five official alliances, 19 political parties running on their own during the elections, and 43 people's associations, so that any political party with reasons to file challenges may proceed to do so.

The candidates for the presidency and vice presidency of the Republic published by the CSE are as follows: National Project [PRONAL]: Antonio Lacayo and Benjamin Lanzas; FSLN [Sandinist National Liberation Front]: Daniel Ortega and Juan Manuel Caldera; Nicaraguan Workers, Peasants, and Professional Unity Party [PUNCOP]: Heriberto Mayorga Obando and Fidel Antonio Tapia; Liberal Alliance: Arnoldo Aleman and Enrique Bolanos Gayer.

National Justice Party [PJN]: Jorge Alberto Diaz Cruz and Miguel Angel Centeno Garcia; Sandinist Renewal Movement [MRS], Sergio Ramirez and Leonel Arguello; UNO-96 [National Opposition Union-96] Alliance, Alfredo Cesar Aguirre and Roberto Teran Balladares; Renovating Action Movement [MAR]: Moises Hassan and Victor Tercero Talavera; Unity Alliance: Alejandro Serrano Caldera and Juan Sanchez Barquero; Nicaraguan Alliance: Alvaro Robelo Gonzalez and Emilio Jose Molina Palacios.

National Renewal Movement [MORENA], Allan Tefel Alba (journalist) and Dr. Luis Edgardo Gutierrez Quant; Conservative Party of Nicaragua [PCN]: Noel Vidaurre Arguello and Nicola Bolanos Gayer; Liberal Unity Party [PUL]: Haroldo Montealegre and Tirso Moreno; PAN and FORCE Alliance: Francisco Jose Mayorga and Alfonso Gonzalez Deshon Gomez; Nicaraguan Christian Path [CCN]: Guillermo Antonio Osorno Molina and Roberto Rodriguez.

Nicaraguan Socialist Party [PSN]: Gustavo Tablada and Carlos Jose Perez Fajardo; Democratic Action Party [PAD]: Eden Pastora Gomez and James Odnith Webster Pitts; Liberal Independent Party [PLI]: Virgilio Godoy Reyes and Pedro Reyes Vallejos (journalist); Communist Party of Nicaragua [PCdeN]: Eli Altamirano Perez and Rafael Antonio Gutierrez Pantoja; Conservative Popular Alliance [APC]: Miriam Arguello Morales and Francisco Javier Paladino Sanchez; Nicaraguan Democratic Alliance Party [PADENIC]: Pedro Rafael Mayorga Knillands and Milton Renato Arcia Marin; Central-American Integration Party: Sergio Albijo Mendieta Castillo and Carmen Argentina Rojas Conrado (journalist).

List of Candidates for National Deputies

The CES also published — in a separate list that will continue to appear in the local newspapers — the names of the candidates for national deputies of each of the political parties previously mentioned.

According to CSE sources, the names of those candidates still missing will be added to the list that will continue to appear in the local newspapers so that the population can become familiar with each of them.

The sources pointed out that — according to the Electoral Law — the political parties are the only organizations allowed by law to challenge a candidate. Up until yesterday afternoon, no challenges had yet been filed before the CSE.

The faction of the Nicaraguan Resistance Party [PRN] headed by Enrique Quinonez is preparing to file several challenges this coming Monday. It was announced that PRN legal representative Fabio Gadea Mantilla had not taken part in the registration of this "former contra" party's presidential ticket (Enrique Quinonez and Noel Rivera Gadea).

Panama

Panama: Arias To Become New Foreign Minister

PA1106014196 Panama City Circuito RPC Television in Spanish 2300 GMT 10 Jun 96

[From the "RPC Television News" newscast]

[FBIS Translated Text] Circuito RPC Radio was informed today of changes in President Ernesto Perez Balladares' cabinet. Foreign Minister Gabriel Lewis Galindo will be leaving his post for health reasons and will become a presidential adviser. Acting Foreign Minister Ricardo Alberto Arias will officially occupy the Foreign Ministry post, after having carried out these duties since 29 April when Gabriel Lewis Galindo left for health reasons.

It was also confirmed that Eduardo Morgan will be appointed Panamanian ambassador to Washington to replace Ricardo Alberto Arias.

In a news conference this afternoon, however, Ricardo Alberto Arias denied that the changes were official. A source from the presidency said that the appointments will be made official through a decree that will be issued in the next few days.

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Panama: Deputy Comptroller General on Austerity Measures

PA1006141796 Panama City LA PRENSA in Spanish 9 Jun 96 p 5A

[Report by Wilfredo Jordan Serrano]

[FBIS Translated Text] Panamanian Deputy Comptroller General Gustavo Perez has asserted that the strict public spending measures adopted by government in May will continue through the end of the current year.

The official explained that the measure was necessary to balance a "small deficit that occurred a few months ago" and that forced the government to make this decision.

President Ernesto Perez Balladares at the end of April froze all public spending and instructed Comptroller General Aristides Romero to allow only "strictly necessary" expenses that have been authorized by the executive through the Interinstitutional Fiscal Balance Commission [Comision Interinstitucional de Equilibrio Fiscal].

In a memorandum, Romero asked all coordinators, chiefs, and fiscal control supervisors to suspend all appointments and wage increases, with the exception of the National Police, the PTJ [Judicial Technical Police], the Institutional Protection Service (SPI), and the health and education sectors; the latter have special laws.

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Argentina

Argentina: President Leaves For Brussels on 8-15 Jun Tour

PY1006133996 Buenos Aires TELAM in Spanish 0142 GMT 9 Jun 96

[FBIS Translated Text] Buenos Aires, 8 Jun [TELAM] — President Carlos Menem today left for Brussels, at the start an official tour that will end on 15 June. He will also visit Luxembourg and Morocco.

Menem and his entourage left at 2140 aboard the Virgen de Lujan 'Tango 01' plane from the Ezeiza International Airport. They are scheduled to arrive at the Brussels-Zaventem Airport at 1840 (1340 Argentine time) tomorrow.

He is accompanied by her daughter Zulema Maria Eva; Media Secretary Raul Delgado; Felipe Sola, agriculture, livestock and fishing secretary; and Justicialist Party Deputy Humberto Roggero. Chief of Cabinet Jorge Rodriguez went to see them off.

Menem will be welcomed at the Brussels-Zaventem airport by Argentine Foreign Minister Guido di Tella, the Argentine, Brazilian, Paraguayan, and Uruguayan ambassadors to the EU, and by the Belgian protocol director.

Argentina: Isolation of Economy Minister

96SM0338A Buenos Aires CLARIN in Spanish 26 May 96

[Commentary by Eduardo van der Kooy: "Cavallo Always Returns" — received via Internet]

[FBIS Translated Text] Suddenly, in one stroke Domingo Cavallo shattered several weeks of harmony in the administration.

He denounced the "judicial harassment" of Economy Ministry officials, lashed out again at postal entrepreneur Alfredo Yabran, and questioned the fitness of the nation's attorney general, Angel Aguero Iturbe, a man with a direct line to Carlos Menem.

This was not the only reason why the president was visibly annoyed at the minister, and the days he spent fishing with Felipe Gonzalez did little to temper that annoyance. What irked him was that Cavallo indiscreetly cast doubt on the administration's determination to combat corruption at a time when the topic was gaining prominence.

The indictment of mayor and Peronist candidate Jorge Dominguez for supposed irregularities in the auctioning of a municipal building triggered the administration's worst impulses against the justice system.

The scandal over the sale of arms that were diverted to Ecuador continues to grow on two levels. Alberto Fujimori's administration in Peru has dropped the first hints that it is impatient over Argentina's failure to shed light on the episode. Oscar Camilion is hounded not only by the crisis but by the discovery that all this time he has been running something that more resembles a rumor mill than a ministry. A dirty war has broken out there among second- and third-tier officials who are trying to keep from losing their jobs over the scandal.

The UCR [Radical Civic Union] and the Front for a Country in Solidarity (Frepaso) took advantage of the opportunity. The Radicals called for the minister to appear immediately before Congress, and Chacho Alvarez asked Cavallo to further explain his allegations, though he took care not to dissociate him from the corruption charges besetting the administration.

And Carlos Menem was not the only one visibly annoyed. Every attack by Cavallo makes Carlos Corach's hair stand on end. He takes it personally, even if by omission, when the minister talks about judges who are persecuting his men.

A panicky Eduardo Bauza called from the United States after learning of Cavallo's charges, which were reported by a American TV network.

Jorge Rodriguez could not decide whether to intervene or let the storm pass, but his fear of seeing the minister run wild wound up prevailing. He called him into his office and scolded him: "A thousand times I asked you to be discreet." Cavallo nodded like an obedient student and tried to backtrack.

Has the economy minister revived his never-ending feud with the president? Has he deliberately set out to regain the political maneuvering room he lost after Menem's reelection? These seemed to be the obligatory questions.

There is no clear-cut evidence that either question deserves a yes answer. The gap between the president's current political strength and that of his minister is still too huge to believe that he would resume their feud. A recent poll by the Studies Center for a New Majority revealed that one year after his victory Menem would again win in the first round of balloting. Perhaps the explanation must largely be sought in the defection of opponents rather than in the administration's virtues.

Simultaneously, Cavallo's popularity is at its lowest since he took charge of the Economy Ministry in 1991 (25 percent).

The other winds that are blowing here do not suggest that he has embarked on his political vindication either. The economy is still far removed from the recovery

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that he has been proclaiming, and current unemployment rates do not portend much joy.

Cavallo thus seemed to be reacting in self-defense. He perceives that the courts and political wear-and-tear are eating away at his team and that the administration is not defending him the way it does other officials.

Remember that Peronism hunkered down around Mayor Dominguez as soon as he was put under the judicial microscope. Menem himself began appearing with him more than ever before during the election campaign.

There is something else. The administration has been shouldering the scandal over the arms sales to Ecuador for 14 months now and is paying a high political price to protect Camilion. Invisible lines of communication between the administration and the Judiciary have been in operation in both cases. Judge Jorge Urso is holding out on the political investigations that the federal court has suggested and is instead looking into the military officers who are most deeply implicated in the arms deal.

The administration cannot decide when the best time would be, politically, to stop prosecuting Dominguez. According to an official poll, 39 percent of Buenos Aires residents think that the mayor was indicted for legitimate reasons, whereas 34 percent attribute his prosecution to electoral politics. The rest did not answer.

We will have to see how the collective mood changes if the courts, as presumed, reverse their course and whether such a move will not ultimately strengthen suspicions that the administration is meddling in the Judiciary. The ruling party seems to be in a bind, as it cannot continue to stand behind a candidate with legal problems.

Cavallo is also doing some comparing. No one in the administration lifted a finger or even voiced a complaint when indictments were handed down against the chief of customs, Walter de Fortuna; his predecessor Gustavo Parino, and the former director of Encotesa [National Postal and Telegraph Company, Inc.]. He also had to turn over Haroldo Grisanti, who was in charge of the post office, after Menem's demand over the radio, as well as Hugo Gaggero, the former head of the DGI [General Directorate of Taxation].

His isolation has a historical explanation. Cavallo has almost no allies in the administration and has left a lot of victims in his wake in Peronism, in Congress, and in the Judiciary. He can hardly reap other than what he has sowed.

The minister set forth each of these arguments to the cabinet chief in justifying his charge, which could have had another, unseen side: during his most recent trip to the United States Cavallo again heard the White House complain about the performance of Argentina's justice system.

This is one of the many issues on which the interests of the United States and of the minister converge: the creation of an agency to combat money-laundering, which Cavallo presumably wants to control.

He seems to have lost one skirmish in the battle. The administration has already sent Congress a bill, authored by Rodolfo Barra, that would keep the Economy Ministry out and bring in the secretariat for the struggle against drugs and the Secretariat for State Intelligence (SIDE).

Rodriguez tried to convince Cavallo that the harassment he complained of did not exist, and although the minister did not believe his explanations, he would up accepting them in order to preserve a relationship that has helped him to mitigate his isolation.

Rodriguez has compensated him with a few gestures. He dismantled the structure of the cabinet chief's office that Eduardo Bauza had established, which was designed to monitor each of the Economy Ministry's moves.

Last week he gave up his right-hand man, Miguel Sole, for not agreeing with facets of the second reform of the State that Cavallo wants. Something else lay behind this surprise resignation. Rodriguez was upset with his former colleague over certain administrative errors that were made in the appointment of Education Ministry personnel, errors that have just now come to light.

But not everything is sweetness and light between Rodriguez and Cavallo. The selfsame reform of the State that they are pushing in tandem could without warning become a source of friction. There have already been signs.

The cabinet chief feels that some cutbacks are essential in the Economy Ministry, where the number of secretariats and undersecretariats is said to have tripled over the last few years. The two sides do not agree on the numbers. Cavallo says that the number of secretariats was reduced from 13 to 8, for example.

Rodriguez' initial hints in this regard did not sit well with the minister. The cabinet chief proposed immediate cuts in per diems and airfare spending in the Economy Ministry; Cavallo interpreted this as a rebuff to his staff: "My people are from the Mediterranean Foundation. They come and go from Cordoba," he said in exasperation.

The minister harbors deeper fears. He infers that such moves could be the prelude to future changes that

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would split Economy into two ministries: Finance and Production, only the first of which would remain under his control.

Such a change may have to do not just with government reform but also with the political timetable. It would fit in with a cabinet shakeup that Menem could undertake after the mayoral election and that would serve as an excuse to get rid of Camilion primarily.

There are those who seem to sense the future. Emilio Cardenas' public bid for the foreign minister's job was compounded by Raul Granillo Ocampo's presence in Buenos Aires. Our ambassador to Washington met twice with Menem, steering the talks more towards foreign relations than military issues. Granillo did not worry about criticizing the policy that Guido Di Tella is pushing towards the Malvinas.

The defense minister's continued presence in his post also creates uncertainties for Rodriguez' plans. How can headway be made with the military reform given that this ministry has sustained political damage? How can he sit Camilion and the military chiefs down at the same table to discuss the future when the arms scandal has put such distance between them?

The cabinet chief had another job to take care of with Cavallo: soften him up so that he would get involved in the mayoral campaign.

It was Dominguez who fired the first shot in the cabinet meeting on Tuesday, as he asked Menem to have the minister publicly confirm that, in his judgment, the city government has its accounts in order.

Either Cavallo was not that certain of this fact or else he does not identify politically all that much with the ruling-party candidate. It took Rodriguez two meetings to close a limited deal with the minister: "Gutierrez and I are going to endorse his track record, but don't ask us to do anything else," Cavallo explained.

Such reluctance should not be too surprising. The minister had intended to remain out of politics for quite some time, but on this occasion he was pushed. The president has placed him among the contenders in 1999 and, through Rodriguez, forced him to land in the capital.

Some of his staunchest enemies reside precisely in this region: Erman Gonzalez, Carlos Ruckauf, and Corach. His only friend, Gustavo Beliz, took leave of Peronism over the summer, and Cavallo must now lambaste him as part of the campaign.

Cavallo finally agreed to pose quite sourly alongside Dominguez and lashed out clumsily against the Radicals, whom he accused of manipulating the courts to wound the Menem administration.

It was not really clear whether he did so to defend Dominguez against his indictment by a judge or to offset his own charge of judicial harassment that annoyed the Menem people.

The same old thing happened. Whenever Cavallo makes an untimely return, it winds up being more than anything else a mess for the administration.

Brazil

Brazil: Sanctions Place U.S. in 'Delicate Situation'

PY1106010996 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 10 Jun 96 p A3

[Editorial from the "Notes and Information" page: "Disastrous Sanctions"]

[FBIS Translated Text] It did not take too long for the Helms-Burton law to confirm the most pessimistic predictions to the effect that it would become a major source of friction between the United States and its trading partners, without accomplishing its alleged purpose; namely, to pressure the Cuban regime toward a political opening. Of course, the immediate purpose was to avenge the downing of two airplanes — bearing U.S. license plates and belonging to an anti-Castro group — that violated Cuban airspace, and to make the Cuban-American voters happy during the electoral campaign period. At what a price!

While the NAFTA and EU partners study retaliation, the OAS General Assembly last week approved a resolution firmly condemning the U.S. sanctions against companies and individuals from other countries whose businesses with Cuba somehow benefited from properties confiscated by the socialist regime. The Helms-Burton law allows U.S. citizens to demand compensation from such companies before a court, and it denies an entry visa into the United States to the individuals involved in such businesses.

The member countries of the OAS argue that the law violates extraterritorial and multilateral principles and it has decided to take the case to the Inter-American Juridical Committee. Such a movement is headed by Canada and Mexico, which, together with Spain and Italy, are the countries with most investments in Cuba.

By adopting such a radical attitude in reaction to an isolated incident, the U.S. Government placed itself in a delicate situation. Pressures only tend to increase with the approach of the implementation of the first sanctions in November. At the same time, a retreat would be

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more harmful politically. The Cuban Government took advantage of the opportunity offered by the enemy and it announced on 6 June the regulations of the law approved last September granting new incentives to foreign investments.

Cuba will create free zones in as yet undetermined places, probably including the Bay of Mariel, west of Havana, which is an area near the airport and the port of Cienfuegos. In those zones, the Cuban Government will offer tax exemptions on imports meant to result in production of goods, as well as lower social contributions and taxes on installations. The benefits are applicable not only to Cuban companies and joint ventures, but also to 100 percent foreign-owned companies. In case of national participation, the businessmen will be able to directly contract labor and will no longer be forced to use the government employment agencies that, up to this point, mediated in all hiring.

These measures have made the island more attractive, given that it provides cheap and relatively qualified labor, some infrastructure, mineral resources, and great tourism potential. Thus, U.S. businessmen are tending towards increased pressure for an end to the embargo against Cuba, since it places them in the position of having to observe impotently as their competitors from throughout the world occupy space that, for geographic reasons, would be broadly used by U.S. multinational companies. Therefore, the Helms-Burton law not only undermines relations with important U.S. trading partners, but it potentially estranges a powerful group — U.S. businessmen — from opportunities regarding the island because they are prohibited from investing in Cuba.

Besides that, there is not the least indication that the kind of pressure exerted by the sanctions would have any effect on the regime. Havana is clearly determined to restrict the opening to the economy. If a political change took place in the past few months, it was in the opposite direction: Guidelines released recently by the Communist Party Central Committee establish greater control over freedom of thought, providing for intervention in study groups that began to debate ideological matters. The more than three-decade U.S. embargo, now reinforced by the Helms-Burton law, has served only to fuel the sheepish Communist rhetoric in the island.

The desire to attract the Cuban-American vote could be costly for the candidates of the two parties.

Brazil: Editorial Criticizes Helms-Burton Law

PY1006184796 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Jun 96 p 10

[Editorial: "Anachronistic Story"]

[FBIS Translated Text] The downing of two small planes piloted by Cuban exiles who violated Cuban airspace in February served as a pretext to allow Bill Clinton sign the Helms-Burton law, which seeks to further tighten the long-lasting (36 years) embargo on Cuba. This law enables businessmen from anywhere in the world who engage in business with Cuba to be punished and prohibited from entering the United States. The Helms-Burton law thus achieved the feat of simultaneously becoming an economic annoyance, a diplomatic disaster, and a anachronistic political move somewhat like the old dictator it aims to defeat.

Never before has a political move backfired like this. The only economic result so far has been the estrangement of U.S. companies from a very disputed market like Cuba. Diplomatically, the United States was unanimously condemned during the week by the OAS foreign ministers for having adopted a law "that affects the sovereignty of states and the legitimate interests of institutions and of the individuals under their jurisdiction, as well as freedom of trade." Prior to this condemnation, the EU already protested over the disrespect for free trade principles and took the matter to the WTO.

So, President Clinton's election-year favor to the Cubans in Miami has turned out costly. Within the internal political scene, Fidel gained most from the incident, since he received unexpected help to motivate the oppressed Cuban people against an unequivocal (and untimely) expression of imperialism.

It is evident that a country can only approve laws for its own territory and not for the whole world. The Helms-Burton law violates the UN Charter, the OAS Charter, and moreover, it opposes the free trade principles of the WTO.

What is the sense of maintaining diplomatic relations and conducting good deals with Vietnam — where more than 50,000 Americans died — or reinforcing an embargo that since 1960 has not contributed at all to destabilize Fidel Castro, and not managed to inoculate democracy into his totalitarian veins? What is the advantage of keeping Cuba banished when its ideology is outdated?

It has been observed that American presidents do not have a policy for the Caribbean; just for Florida, which is always dictated by the noisy community of Cuban exiles. Instead of helping suffering Cubans who are

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fed up with a 37-year old dictatorship to get rid of a septuagenarian caudillo who, since the suspension of Soviet aid has had to make some concessions, Clinton is offering him on a silver platter the pretext to remain in power until his death.

Suffocated, without Soviet money, Communist Cuba is holding on only by resorting to nationalist tricks, like downing militarily unimportant planes which merely hardened the embargo which, in turn, politically strengthens Fidel.

The absurdity is that Cuba has become a real business goldmine for European, Latin American, and Taiwanese — but not for U.S. — businessmen.

As long as Miami Cubans continue their intransigent position of dictating U.S. foreign policy, Cuba will continue to be a Stalinist relic in a freer world, instead of being a kind of Caribbean Tiger, without Fidel or his dictatorship.

Brazil: CEF Leads 'Ranking' of Banks in 1995

96SM0351A Sao Paulo GAZETA MERCANTIL in Portuguese 30 May 96 p B3

[Article by Vera Saavedra Durao: "CEF Leads 'Ranking' of Banks in 1995"]

[FBIS Translated Text] **The Bank of Brazil has lost its position because of its losses totaling 4.2 billion reals, and Unibanco has risen to third place, according to a survey by the FGV [Getulio Vargas Foundation].**

Rio de Janeiro—The Bank of Brazil [BB] has lost its position as first among the country's 10 largest banks (based on the size of their assets) to the Federal Savings Bank (CEF), the reason being its loss of 4.2 billion reals in 1995. That information is included in the FGV 1995 Ranking of Banks. The survey in question, published yesterday, lists 194 commercial institutions with combined total assets of 422 billion reals, 81 percent of which are in the hands of only 25 banks.

Following its purchase of Banco Nacional, Unibanco is now in fourth place on the list of the 10 largest banks after occupying seventh place in 1994. Bradesco stayed in third place and retained its position as largest of the private banks.

Banco Nacional and Banco Economico, which are being administered by the Central Bank, were in sixth and ninth place respectively among the "10 largest" in 1994. They have been replaced this time by Our Savings Bank-Our Bank and the Rio Grande do Sul State Bank. The two banks under intervention by the Central Bank were closed and are not included in the new survey.

Generally speaking, the crisis in the financial sector caused the profitability of the entire banking system to decline for the second year in a row, according to Sergio Gustavo da Costa, who coordinated the report. The Bank of Brazil's poor performance had a negative effect on that performance. This can be measured by the operating results for the other banks (excluding the BB).

Excluding the government-owned BB, the banks surveyed showed a return on owner's equity of 10.63 percent in 1995, compared to 15.30 percent in 1994. And in fact, the BB pulled the average return down to a negative rate of 1.56 percent, compared to 12 percent in 1994. "Its huge loss exceeded the profits of all the other institutions surveyed," said Gustavo da Costa.

Considered separately, the 10 largest banks (those with assets exceeding 2 percent of the total), the 51 medium-sized banks (with assets equal to 2 percent or more than 0.2 percent of the total), and the 133 small banks (with assets equal to or less than 0.2 percent of the total) all reported lower profits in 1995 than in the two preceding years. The profitability of the big banks, including the Bank of Brazil, was negative by 11.62 percent, compared to 9.40 percent in 1994. Excluding the BB, their profitability was 9.39 percent in 1995 and 12.80 percent in 1994.

Ranking of banks (in millions of reals)

Institution	Total assets	Percentage of total	Owner's equity	Loan operations	Total deposits
(With assets exceeding 2 percent of the total:)					
Federal Savings Bank	80,413.061	19.052	3,529.402	39,256.649	48,383.866
Bank of Brazil	80,086.017	18.975	3,466.471	32,391.296	53,243.145
Bradesco Bank	28,866.087	6.839	4,842.092	10,754.720	14,882.496

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Institution	Total assets	Percentage of total	Owner's equity	Loan operations	Total deposits
Unibanco (Brazilian Banking Union)	21,629.305	5.125	1,967.821	6,529.752	10,315.994
Itau Bank	19,929.294	4.722	3,371.327	6,416.431	9,863.463
Bamerindus Bank of Brazil	14,289.701	3.386	1,337.117	6,548.628	6,760.164
Rio Grande do Sul State Bank	12,160.317	2.881	440.261	1,376.218	1,883.931
Real Bank	10,685.584	2.532	1,307.755	3,863.440	6,079.256
National Credit Bank	9,131.291	2.163	813.552	1,940.349	3,441.809
Our Savings Bank-Our Bank	8,730.795	2.069	718.771	5,868.472	6,608.104
(With assets less than or equal to 2 percent but more than 0.2 percent of the total:)					
Safra Bank	5,773.604	1.368	570.945	1,171.469	2,456.438
CCF Bank of Brazil	5,262.427	1.247	179.625	159.483	1,156.993
Sudameris Bank Brazil	4,667.240	1.108	390.969	1,853.433	1,835.994
Parana State Bank	4,637.141	1.099	439.938	2,590.202	2,851.614
BBA* Bank—Creditanstalt	4,345.039	1.029	315.619	414.680	496.366
Sao Paulo Mercantile Bank	3,883.369	0.920	807.021	678.644	2,537.814
South America Bank	3,727.810	0.883	356.854	1,695.580	1,758.716
Bandeirantes Bank	3,704.174	0.878	250.270	849.762	1,283.253
Citibank	4,491.406	0.827	305 964	655.758	1,146.775
Northwest Bank	3,296.355	0.781	380.438	1,347.303	1,475.872

* [expansion not given].

Source: FGV, [words indistinct], and CEE [expansion not given]

The significant drop in return on owner's equity among the small banks indicates that they were the segment most harmed by the end of inflation, since they earned less in relation to their total investment in the business. Gustavo da Costa feels that they need a larger scale in order to operate in a context of low inflation. In other words, they need to have very specific niches of activity or to form mergers and associations.

According to the analysis by the coordinator of the Ranking, the banks managed to survive the second year of the real by replacing the decline in earnings due to inflation with an increase in income from loan operations, personnel cutbacks, and higher bank fees. The country's six largest private banks—that is, Bradesco, Unibanco, Itau, Bamerindus, Real, and the BCN [National Credit Bank]—increased the volume of their loan operations by 64 percent compared to 1994. On the expenditure side, there was an increase in the cost of attracting money and in reserves for doubtful loans owing to the prevailing climate of default.

Brazil: FGV Interprets Bank Survey Results

96SM0351B Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 May 96 p B5

[Article by Claudia Schuffner: "CEF Passes BB and Is Now Country's Largest Bank"]

[FBIS Translated Text] *A record loss by the Bank of Brazil in 1995 caused that institution to lose the position it had held since 1808.*

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Rio de Janeiro—Last year's record loss of 4.2 billion reals deprived the Bank of Brazil (BB) of its position as Brazil's largest bank, a position it had held since it was founded in 1808. But the leader is still a government-owned bank, the Federal Savings Bank (CEF). With its 80.41 billion reals in total assets, 3.52 billion reals in owner's equity, and 39.25 billion reals in loan operations, the CEF exceeded the total assets of 80.08 billion reals reported by the BB, which ended 1995 with owner's equity of 3.46 billion reals and loan operations totaling 32.39 billion.

That was one of the findings by the Getulio Vargas Foundation [FGV], which published its FGV Ranking of Banks yesterday. That survey reports the operating results of 194 commercial and mixed banks whose combined assets totaled 422 billion reals in 1995. After the CEF and the BB, Bradesco is the largest Brazilian bank in terms of assets (28.8 billion reals), followed by Unibanco (which, following its absorption of Banco Nacional, had 21.6 billion reals in assets), Itau (19.9 billion reals), and Bamerindus (14.28 billion reals).

In terms of owner's equity, the BB is in third place (see the table). The FGV's survey does not measure the risk or efficiency of the institutions, only their size.

The banks were divided into three groups. Group 1 consists of those with assets exceeding 2 percent of the sample's total owner's equity; Group 2 consists of those with from 0.2 to 2 percent of the same total assets; and Group 3 is made up of those with assets amounting to 0.2 percent of the total or less.

Prominent among the medium-sized banks are the Safra Bank with assets of 5.77 billion reals, CCF [expansion not given] Brazil (5.26 million reals), and Sudameris (4.67 billion reals). The General Investors Bank (843 million reals in total assets) is first on the list of small banks, followed by Lloyds (765 million reals).

Several of the banks included in Group 3 reported a return on owner's equity exceeding that of the giant banks. This applies to the Matrix Bank, where the return amounted to 44.38 percent in 1995, or more than that at Bradesco (11.15 percent) or at Boavista, the best performer among the medium-sized banks at 37.68 percent.

Banks Ranked by Total Assets (in millions of reals)

Rank and name	Total assets	Percentage of total assets	Owner's equity	Loan operations	Total deposits
1. Federal Savings Bank	80,413.061	19.052	3,529.402	39,256.649	48,383.866
2. Bank of Brazil	80,086.017	18.975	3,466.471	32,391.296	53,243.145
3. Bradesco Bank	28,866.087	6.839	4,842.092	10,754.720	14,882.496
4. Unibanco (Brazilian Banking Union)	21,629.305	5.125	1,967.821	6,529.752	10,315.994
5. Itau Bank	19,929.294	4.722	3,371.327	6,416.431	9,863.463
6. Bamerindus Bank of Brazil	14,289.701	3.386	1,337.117	6,548.628	6,760.164
7. Rio Grande do Sul State Bank	12,160.317	2.881	440.261	1,376.218	1,883.931
8. Real Bank	10,685.584	2.532	1,307.755	3,863.440	6,079.256
9. National Credit Bank	9,131.291	2.163	813.552	1,940.349	3,441.809
10. Our Savings Bank-Our Bank	8,730.695	2.069	718.771	5,868.472	6,608.104

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Banks Ranked by Profitability (in thousands of reals)

Rank and name	Owner's equity	Net profit	Return on owner's equity (percentage)	Position in total ranking (by total assets)
1. Matrix Bank	97,860	43,340	44.38	78
2. Liberal Bank	21,725	8,258	38.01	100
3. Boavista Bank	314,341	118,445	37.68	22
4. ABN* Amro Bank	231,536	78,887	34.06	25
5. Excel Bank	230,443	77,526	33.64	45
6. Norchem Bank	157,191	48,312	30.73	27
7. Multiplic Bank	350,868	107,086	30.64	41
8. Ficsa* Bank	16,002	4,799	29.99	153
9. AGF* Bank Brazil	29,701	8,785	29.58	98
10. Industrial Bank of Brazil	40,361	11,680	28.69	119

* [Expansion not given]

Source: FGV Ranking of Banks by the Getulio Vargas Foundation.

Sector Still Highly Concentrated

Rio de Janeiro—The FGV's survey found that the Brazilian banking system is still highly concentrated: the 20 largest banks account for 80 percent of the total assets of the 194 banks surveyed. The six largest private banks—Bradesco, Unibanco, Itau, Bamerindus, Real, and the BCN [National Credit Bank]—earned a lower return on owner's equity (it fell from 13.96 percent in 1993 to 10.60 percent in 1995), but this does not indicate poor performance.

In the opinion of Sergio Gustavo da Costa, head of the FGV's Company Research Center, that result indicates that the big six "did not do all that badly as a result of the end of inflation." To emphasize his point, the economist drew attention to the finding in a recent FGV survey of 250 nonfinancial firms that their average profitability in 1995 was 3.4 percent, or nearly three times less than that of the six largest private banks in Brazil.

This does not mean, however, that Brazilian banks did not suffer from economic stabilization. They lost income from the float (gains from inflation) and increased their income from loan operations, but paid more for money and had to increase their reserves for doubtful loans.

On the other hand, their earnings from the collection of fees rose from 1.6 billion reals in 1993 to 3.1 billion reals in 1995. Including the Bank of Brazil's operating results, the profitability of the 194 banks surveyed was negative by 1.56 percent in 1995, whereas it had risen by 12.90 percent in 1994.

If we exclude the BB's figures, the sector's profitability in 1995 came to 10.63 percent, compared to 15.40 percent the year before. Among the medium-sized banks, profitability declined less: from 17.20 percent in 1994 to 15.08 percent in 1995.

Brazil: Food Distribution Favors Government Allies

96SM0352A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Jun 96 p 1

[Unattributed article: "Distribution of Food Baskets Favors States Allied With Administration" — received via Internet]

[FBIS Translated Text] Brasilia—Besides reducing appropriations for the social area by up to 82 percent—according to an audit by the National Accounting Office (TCU)—the administration in 1995 allowed the distribution of basic food baskets to favor states allied with Planalto Palace. Of the 2.5 million baskets distributed in 1995 by the Solidary Community program, 1 million (40 percent) ended up in Bahia.

The figures published regarding the Emergency Food Distribution Program (Prodea) show that contrary to what the administration says, the Hunger Map was not the chief criterion used for delivering food to

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needy families. Of the 525 municipalities served last year, only 261 were included on the Hunger Map as "major pockets of poverty." The remaining 264 cities managed to be included in Prodea by other means: the mayors decreed a state of emergency, based in most cases on agroclimatic reports prepared by the Northeast Development Superintendency (Sudene).

According to the Solidary Community office, it was the job of the Special Secretariat for Regional Policies in the Ministry of Planning—headed last year by Cicero Lucena of Paraiba—to request that those municipalities be included in the food distribution program. According to the Hunger Map, nine Bahia municipalities were entitled to receive 382,000 baskets. Thanks to the emergency decrees, the number of cities benefited in that state rose to 173, and the total number of baskets delivered amounted to 1,077,193—more than twice the amount planned.

Minas Gerais Receives Three Times Planned Amount

Brasilia—After Bahia, which is headquarters to the PFL [Liberal Front Party] political bosses allied with President Fernando Henrique Cardoso, the state benefiting most from the food distribution program was Minas Gerais, whose governor is Eduardo Azeredo of the PSDB [Brazilian Social Democracy Party]. Minas Gerais, where the number of favored municipalities rose from 14 to 76, received 480,000 baskets—three times more than it should have according to the Hunger Map.

Sudene has announced that the central-southern region of Bahia and northern Minas Gerais were the only two regions where drought situations occurred last year. Even without emergency decrees, the states of Maranhao, Parana, Pernambuco, Piaui, and Alagoas were among those helped the most by Prodea in 1995. Espirito Santo, whose governor is Victor Buaiz of the PT [Workers Party], was also on the list of champions when it came to receiving basic food baskets, the reason being that it managed to include 24 municipalities among those classified as experiencing a "state of emergency."

For their part, the states of Acre, Amazonas, Amapa, Para, and Roraima in the North Region did not receive any basic food baskets. According to the Solidary Community, municipalities in that region did not "prove qualified" to participate in the program because they failed to organize municipal commissions responsible for registering families and overseeing the distribution of food.

Chile

Chile: U.S., OAS 'at Loggerheads' Over Helms-Burton Law

PY1006165896 Santiago LA NACION in Spanish 8 Jun 96 p 5

[Editorial: "The United States and the OAS at Loggerheads"]

[FBIS Translated Text] The same scenario that, 34 years ago, witnessed the adhesion of Latin American countries to the blockade imposed by the United States on Cuba, this week prompted the entire hemisphere to condemn the U.S. Government for having promulgated and implemented the so-called Helms-Burton law, which stiffens the embargo on trade with Cuba.

The [OAS] resolution stems from a motion by Canada and the 14 Rio Group member countries, which suggest placing the legitimacy of the Helms-Burton law — which will be enforced outside U.S. territory — squarely in the dock. It is a most significant political event.

As Chilean Foreign Minister Jose Miguel Insulza explained: "This resolution pertains to trade freedom, economic freedom, and international law." He added that the unanimous vote at the OAS "must not be interpreted as support for Cuba's present situation."

The fact that the United States and other countries of the Americas are at loggerheads over the aforementioned law has been compounded by the harshness of the official reaction by Washington representatives. [U.S.] Ambassador [to the OAS] Harriet Babbitt believes the OAS resolution constitutes "diplomatic cowardice" and "clumsy intervention in our domestic affairs." It is most regrettable that Ambassador Babbitt reacted in this way, letting herself be carried away by the simplistic idea that the friends of the United States have sided with the adversary.

The issue really boils down to extraterritoriality of domestic law. It goes without saying that no government, irrespective of how powerful it may be, may impose its will on the rest of the world and announce sanctions against foreign companies and governments merely in the defense of its individual interests. To refuse to accept this is tantamount to questioning the essence of international law.

The OAS resolution is a momentous step forward for this hemispheric organization. Since its establishment, the OAS has been seen as an instrument of U.S. foreign policy — in the 1960's the OAS was even labelled as "the Ministry of the U.S. Colonies." Things have now changed and Latin American states do not want to once

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again be considered as the "backyard." OAS Secretary General Cesar Gaviria declared that the integration ties that are spawning throughout the Americas will not be severed, but the differences over Cuba will not disappear, either.

Although other important issues were discussed at the OAS General Assembly — like the struggle against drug trafficking, money laundering, terrorism, and corruption — the spotlight was on the stance the hemispheric organization would take over the Helms-Burton law. The participants resolved to demand the Inter-American Legal Committee to issue an opinion on whether the Helms-Burton law abides by international law.

It is therefore not unusual that, as Gaviria said, Cuba should constitute the "main political problem confronting the countries of the Americas. Everyone wants to resolve it, but each one wants it done their own way." It is as blatantly obvious that the idea of resolving the Cuban problem by enacting a law that intensifies the blockade of the Caribbean island would meet total rejection.

The position adopted by the OAS on the need to refrain from using the Cuban question as a pretext to violate the principle of freedom of trade has been most timely. The U.S. Government should carefully sift through the resolution the OAS approved this week and adopt a more realistic attitude.

Chile: 'Ignominious' Helms-Burton Law Analyzed

PY1106020796 Santiago LA EPOCA in Spanish 8 Jun 96 p 9

[Article by Jorge G. Castaneda: "A Sad Spectacle"]

[FBIS Translated Text] Nearly 35 years have elapsed since the famous Punta del Este meeting, in which the Alliance for Progress was launched and in which Che Guevara delivered one of the most impassioned harangues against the United States ever heard in such solemn international fora, and tensions between Cuba and Washington continue to upset inter-American relations. The U.S. Government is now — as it did then — seeking to isolate, weaken, and topple Fidel Castro's regime by various means — certainly not any means, as it did then. Unlike what happened 35 years ago, the countries of the region do not let themselves be bullied so much at present; they do not blindly accept the dictates of the imperial power, although they do not reject them with excessive aggressiveness, either.

The bone of contention on this occasion is the wrongly termed Democratic Solidarity and Cuban Freedom Act, (wrongly) known in Latin America as the Helms-Burton Law on account of the names of the U.S. congressmen who drafted the bill. As is public knowledge, this legislation provides for a variety of sanctions, including the cancellation of entry visas for the United States, for those persons or companies having any sort of link (whether property, loans, rent, etc.) with assets in Cuba that belonged to American citizens before 1959 and were subsequently confiscated, even if those American citizens were Cubans at that time. As is also public knowledge, an action can be brought against these companies or individuals having any of the aforementioned links before U.S. courts for the amount of the expropriated assets, plus damages, so much so that the amount involved in the lawsuit may exceed — by far — the value of the investment in Cuba, especially if it is, for example, an airline that is leasing an office in a big rambling house in Miramar, in Havana.

On 6 June, the U.S. State Department formally notified three companies; namely, Dornos of Mexico, Stet of Italy, and Sherritt International of Canada, that they may be subject to sanctions, since the U.S. Government had information that those companies indeed own, lease, or are linked to properties belonging to former Cubans, now Americans, whose assets were impounded at the onset of the Cuban Revolution. For all that this measure may be aberrant due to its characteristic of being extraterritorial; for all the repeated protests by the EU and the foreign ministers of Rio Group member countries; and for Canadian law, which prohibits Canadian companies from adopting such types of provisions, the Helms-Burton Law proceeds like the land reform in the song composed by Carlos Puebla.

There are many facets to the confrontation with the United States. Still, we will only comment on the most innovative ones. It is almost inconceivable that Congress should have the power to impose such a law on the President. It is even more implausible that the most rabid faction of the small minority of Cuban-Americans from Miami should have the muscle to prevent the U.S. President from vetoing such a law. For nearly a century the United States relished a political system befitting a superpower with great homogeneity at home and plenty of leeway abroad. The United States no longer has that domestic uniformity or elbow-room abroad. The upshot of all this is the present embarrassing incident, in which the U.S. Government itself is trying to find a way to avoid the implications of legislation that, as provided for in the Constitution, it must obey.

Even though the decisions of practically all governments and many companies will not be affected by Washington's imposition, it should be recognized, nevertheless, that some of them will be forced to surrender. Without a doubt, some Latin American and European companies will decide to withdraw from Cuba rather than run the

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risk of seeing their executives' visas taken away or their funds drained in multi-million dollar law suits. By accepting the blackmail of Miami, those firms will prove Miami is right. They will prove with facts, which unfortunately have more weight than the foreign ministries' communiques or declarations of officials from Brussels, that this law subdues and that the hard hand is effective.

It already happened in one case, unfortunately and predictably a Mexican one. When Cementos Mexicanos, the fourth largest cement company in the world, which virtually monopolizes the cement market in Mexico, learned that it could receive an official U.S. notification, it immediately sent its owner and president Lorenzo Zambrano to Washington. There, he was informed what measures to take to prevent a notification: Withdraw its technical personnel from Cuba and suspend its technical and administrative assistance to a Cuban cement company built in the 1970's on land that was previously owned by the Lone Star Cement Corporation and expropriated in 1950. For the company of Monterrey, Mexico, whose owners and executives travel several times a week to Houston, New York, etc., and which has antidumping [preceding word in English] law suits pending in the United States, where the company sells a large part of its production, the idea of a confrontation with the United States was unthinkable. The company practically surrendered without a fight, and without giving the Mexican Government the opportunity or the desire for dissuasion with arguments or with an "antidote" law.

The ignominious Democratic Solidarity and Cuban Freedom Act will not go down in history as one of the brightest moments of the United States, Latin America, or even Europe. And definitely not of Cuba, either, because its regime was largely responsible for the approval of the Helms-Burton Bill after the shooting down of two light planes that violated Cuban airspace in January. No one will emerge a winner here, and some may even be seriously hurt.

Chile: Agriculture Group Seeks Compensation for Mercosur

PY1006151696 Santiago EL MERCURIO in Spanish 7 Jun 96 p C4

[FBIS Translated Text] Valparaiso — Opposition and official deputies of the Chamber of Deputies Agriculture Committee have opposed opinions concerning conditioning the support to the agreement with Mercosur [Common Market of the South] to the commitment the government might make to compensate the agricultural sector for the damage Chile's association to Mercosur might cause.

Jose Garcia Ruminor (RN) [National Renewal], President of the Committee, conveyed his concern over the nearness of the date when the agreement will be signed (25 June) and because the government has not yet announced concrete measures to compensate the agriculture sector.

He said that if the measures are not announced and the formal commitment is not adopted about the signing of the agreement, the congressmen who represent the agricultural zones "will have the moral obligation to vote negatively on this agreement when treated in Congress."

Deputy Guillermo Ceroni, member of the committee and chief of the PPD [Party for Democracy] bloc, said that support for the agreement with Mercosur cannot be conditioned to the government commitment to compensate the agriculture sector, because "that subject was already discussed."

He added that according to the talks held so far, the agreement with Mercosur is supported by the entire coalition "because we know that it's a great benefit for the country and we also support it because we have confidence that the government will fulfill the different measures it has announced in the sense of supporting agriculture."

According to this congressmen, the president of the Republic has promised to accelerate the transformation of agriculture which implies credit support, subsidies wherever necessary, support for risk development, and for research. He said that reduction of tariffs for imports of components and agricultural measures are commitments made by President Frei, "commitments which we think he will fulfill soon."

He categorically stated that congressmen of the coalition are for the fulfillment of the commitments contracted by the government with agriculture, "but we are not for conditioning our support for the agreement with Mercosur because we are certain that those commitments will be fulfilled."

Deputy Garcia Ramirez said that one of the measures that receive unanimous support is that of establishing an ambitious program of improving the soil by providing a bonus of fertilizers, because it is not a matter of subsidizing certain products, but to produce a favorable change in productive and competitive structure in natural resources.

He added that there is broad agreement on the need to substantially modify the Antidistortion Committee, both in its integration and in its potential and functioning, and will reportedly transform it into an independent

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and autonomous government organization, with a resolvent capacity so as to act opportunely and effectively against disloyal practices of international trade, which in the agricultural sector is considerable due to the strong subsidies the developed countries apply to their agricultural and livestock products.

Colombia

Colombia: Samper Said To Receive Drug Funds Since 1989

PA1106032096 Mexico City NOTIMEX in Spanish 0218 GMT 11 Jun 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Jun (NOTIMEX) — Colombian President Ernesto Samper has received money from the Cali cartel since 1989, according to "Maria," an informer of the U.S. DEA. Her testimony was broadcast today by a local television newscast.

"Maria," a Colombian citizen whose identity remains undisclosed due to security concerns, stated that during that year Samper received a large sum of money in a meeting he had with Gilberto Rodriguez Orejuela, the Cali cartel maximum boss, and the late Jose Santacruz Londono.

Samper pledged to work to eliminate an extradition treaty between Colombia and the United States, which back then permitted the extradition of several Colombians charged with drug trafficking to U.S. courts.

Colombia: Samper's Lawyer on 'Diskette' Testimony

PA1106040096 Madrid EFE in Spanish 2357 GMT 10 Jun 96

[FBIS Translated Text] Bogota, 10 Jun (EFE) — The local press reports today that Luis Guillermo Nieto Roa, the attorney of Colombian President Ernesto Samper, admitted that he gave to Heyne Mogollon, who is the congressional official in charge of the case against the president, a diskette containing a testimony that the chief of state gave on his own free will.

At the same time, the disappearance of 161 pages of a Prosecutor General's Office document was reported. The document indicates that Samper and his wife, Jacquin Strouss, were on the "guest list" for the wedding of the daughter of Gilberto Rodriguez — the top leader of the Cali drug cartel.

The diskette was delivered on 26 March, the same day that Mogollon, who is a member of the Accusation Committee, first interrogated Samper.

According to Nieto Roa, the diskette contained the president's version of "his actions during the presidential campaign."

The newspaper EL TIEMPO reported today that this episode "was not included in the testimony carried out by the investigator, but the lawyer affirms that it corresponds to the first 13 pages of that record."

"The secretary and the computer operator verified that what the president read was exactly what was recorded in the document and, after such verification, they continued with the proceeding," Nieto stated.

The lawyer's disclosures take place days after the Citizen Follow-Up Commission, which oversees the case against Samper, charged that the first part of the interrogation had been "previously prepared."

According to the overseers "this incident could constitute a procedural fraud and forgery of a public document."

For this reason, the overseers reported this at the Prosecutor General's Office and requested that the person who recorded [digito] the testimony be submitted to a technical test to determine if he has the ability to write for 3 hours and 40 minutes at a speed equivalent to 16,000 characters per hour.

Nieto Roa noted that although no proof was left in the proceeding, this can be considered a piece of evidence, and Mogollon was able to ask the president the necessary questions.

The Citizen Follow-Up Commission considers that if it can be proven that there were illegal actions in the proceeding, people without any privileges, such as Nieto Roa himself, prosecutor Fernando Gomez, and Jose Miguel Delgado Fiallo, secretary of the parliamentary committee that investigated Samper, would be responsible.

Regarding the guest list of the wedding of the main Cali cartel chief's daughter, LA PRENSA reports that it was "supplied by the Prosecutor General's Office to the Accusations Committee and was hidden by Heyne Mogollon."

According to conservative congressman Pablo Victoria, this event "is very serious because it places President Samper and his wife on that list, and many parlamentarians are in jail for appearing on similar lists, which were obtained by the Prosecutor General's Office."

The charges are made when the Chamber of Representatives enters the "final leg" of the trial against Samper and in which they are studying the acquittal petition presented by the Accusations Committee.

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Colombia: General Says Military Not To Intervene in Crisis

PA1006181396 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1700 GMT 10 Jun 96

[From "The Midday Newscast"]

[FBIS Translated Text] The Colombian Military Forces will not intervene in the current national crisis, General Manuel Jose Bonett Locarno, inspector general of these forces, stated today. He explained that the role of the military forces is to protect the people and their resources. We are not going to fan the fire, the high-ranking officer said.

He indicated that the mission of the military forces is to be in concert with society and its resources, to ensure that the population is at peace and can move about without difficulties, and to prevent kidnappings, cattle rustling, or terrorist actions by the guerrillas.

He also said the Colombian military forces are the busiest in the world. He explained that they not only have the difficult task of handling the control of the border areas, but they also have to protect public order, provide peace to citizens, and answer the requests for the Army from all the small towns in the country.

Colombia: Columnist Views Samper's Support Base

96SM0355A Santa Fe de Bogota EL ESPECTADOR in Spanish 7 Jun 96

[Commentary by Maria Jimena Duzan: "Samper's Fan Club" — received via Internet]

[FBIS Translated Text] "I have the military and the political class on my side," is what President Samper, very sure of himself, reportedly told one of the many political leaders that he invited to the Palace during the past few weeks. His idea (which in the end failed to work out for him) was to request their support in exchange for positions in the national cabinet that he intends to form once he is acquitted by the Chamber.

I would add to this comment the correct assessment made by Andres Pastrana, who has just completed Samper's fan club, reminding us that the other two standard-bearers of the present government had to be sought among the Santodomingo Group and the Rodriguez Orejuela brothers. (Especially after the publication of the sensitive letter that the latter sent to the president, reminding him that, if anything happens to them or to their family, President Samper will bear the sole, exclusive responsibility.)

Samper has unquestionably succeeded in realigning around himself certain important forces in Colombian society that have suddenly found themselves in this fan club, to their own surprise. Let us begin with the political class. As we have clearly seen in the trial of the century being conducted in the Chamber, Samper obviously has obtained the backing of a majority of the political class, which has been well rewarded by the president. It is most likely that the Samperist steamroller will win, and that the president will be acquitted in the midst of a trial that will go down in history as one of Colombia's greatest embarrassments and one of the biggest setbacks on our path toward strengthening the democratic institutions. In this context, it has become important for President Samper to have the military in his pocket. A president who lacks the capacity to govern, as in the case of Samper, has, in fact, a far greater need for the military to keep himself in power. Things did not begin well between the president and the generals. Incidents such as that involving General Velandia marked a difficult start, for which the military never forgave him. Nevertheless, as he has become weaker, and left without moral authority in the eyes of the troops, his capacity to devise the national security policy has been undermined, to the point of ending up in the hands of the military. Today, the real defense minister is not Juan Carlos Esguerra, but rather General Bedoya. There is no other explanation for the latter being able to send a letter harshly questioning the work of the Prosecutor General's Office, without its even meriting an admonition from the minister. (Malicious tongues claim that one of the surprises that President Samper has in store for us after his acquittal is that of returning the Defense Ministry to the military. They add that this letter sent by Bedoya (apparently the most favored candidate) is merely an advance notice indicating the tone of the new military defense minister.)

Three of the leading members of the Samper fan club share his own fatal obsession with the Prosecutor General's Office: both the Cali drug traffickers, harassed by it, and the Colombian political class, which has many of its members in jail on account of this entity; as well as the military, who insist that the Prosecutor General's Office is to blame for the release from jail of the criminals captured by them. The only member of this fan club that is viewed as the fly in the ointment is unquestionably the Santodomingo Group. It does not share the same grudges that somehow unite the other Samperist fans, such as the one that exists against the Prosecutor General's Office. Nor has it benefited much from what we might call the state's business, because many of its members have been quarreling about the governability problem. Nevertheless, those in that group are still supporting Samper, and are risking having comments such as those made by Andres Pastrana applied to them, putting them in the same category as the Rodriguez Orejuelas.

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This coexistence is difficult, especially when one considers the fact that there is another Colombia, which is waking up and having increasingly less in common with an overtly arbitrary government that is growing increasingly less democratic. At least that was apparent at the important forum held last Monday at Tequendama, at which the Declaration of Bogota was signed. Speaking along with business owners were neighborhood leaders, ex-guerrilla fighters, and independent Colombians, while Samper's fans were playing the role of his pretorian guard.

Colombia: Columnist Says Resignation 'Inevitable'

96SM0355B Santa Fe de Bogota EL ESPECTADOR in Spanish 7 Jun 96

[Commentary by Alfredo Vazquez Carrizosa — received via Internet]

[FBIS Translated Text] For the generation of the second half of the 20th century, there was only one instance of civil resistance against a ruler, and that was in 1957, against General Gustavo Rojas Pinilla, who had established a military dictatorship with a futile retaliation at the Bull Ring.

Once again we find ourselves facing civil resistance, against President Ernesto Samper, organized by the Liberal economist, Hernan Echavarria, the Conservative senator, Enrique Gomez, and the Liberal ex-presidential candidate, Enrique Parejo. It is a trio reminiscent of the duality of parties in the case of Alberto Lleras and Guillermo Leon Valencia. What does it represent? The entry into the hall of Carrera Palace of a gigantic elephant, whose presence is not evident to the illustrious guests at the presidential residence.

Let us state clearly that it involves the voluminous appearance of the "narco-money" in the preparation of the 1994 presidential campaign. Everyone and his brother knows that. The large sums of "narco-money" between the primary and runoff voting in that year's presidential election are no secret, eliciting only an amazed exclamation from the disapproving citizenry.

Whether it was 60 or 120 million, or 3.5 or 4 billion, in banknotes is merely a detail. The essential point is that the money from the drug traffic has contributed to forcing the election of a president of the nation. This is the serious factor that is inciting a group of patriots to demand President Samper's resignation. It is not so much a matter of the country's quite disrupted financial equilibrium as it is of the moral equilibrium of a nation accused of keeping the drug traffic under wraps.

The president's resignation is painful, but inevitable. It is supported by a multitude of honorable people, among whom we could mention German Holguin Zamorano, Enrique Santos Calderon, and Senators Luis Guillermo Giraldo, of the National Liberal Directorate, and Jaime Arias, of the Conservative National Directorate. The dividing line has been drawn between the Samperist government and the renewal movement "on behalf of presidential resignation," and it is useless to ignore the reality.

Meanwhile, under way in the Chamber of Representatives is the constitutional pronouncement of the President Samper's guilt or innocence regarding the presence of the drug traffic. It is a rather superfluous question, since the real country has already decided on it. Furthermore, representatives Rodrigo Arcila and Pablo Victoria have skillfully refuted the allegation made by Heyne Mogollon, who has appeared as the president's defender.

Both representative Arcila and representative Victoria have demonstrated Heyne Mogollon's flimsy case, indicating the omissions made in an allegation that concludes with the saving of the presidential image.

One need only note the fictitious accounting of the 1994 Liberal pro-candidacy committee, as well as the funds cleverly, although not effectively concealed, to learn the reality of what happened.

Colombia: Daily Attacks U.S. Stance on Helms-Burton Law

96SM0356A Santa Fe de Bogota EL ESPECTADOR in Spanish 7 Jun 96

[Received via Internet]

[FBIS Translated Text] With the disintegration of Soviet power, the United States believed that it had acquired the authority to dictate to the rest of the world its political and economic conduct, and even the unwritten rules of its self-serving interpretation of moral principles.

From the heights of its unipolar power, it brandishes blockade and economic sanctions against the weak nations, in order to subject them to its discretionary will. It has been doing this for some time with Cuba, as if this were not a veiled act of war and unlawful interference in the island's internal policy. And it repeated it in Haiti, to force the return of President Aristide.

Nearly 40 years of an economic blockade against Cuba have not been sufficient for it. And now, as a result of the Helms-Burton law, it is attempting to impose on the nations and companies engaged in trading with the Castro regime the transgressions of the blockade and embargo on those that continue to do business with the West Indian island.

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The OAS, which is a congregation of Latin American nations in which the United States has no more than one vote when it is not using intimidation and economic threats to pressure the rest of the member countries, has just passed a resolution in which it asks the Inter-American Juridical Committee to state whether the repressive acts contained in the Helms-Burton law conform to the clearcut principles established by international law.

This has sufficed to prompt Ambassador Babbit to describe the OAS pronouncement as "diplomatic cowardice." And, not satisfied with that, overlooking her own country's practices, she added that this was an act of "gross intervention," and concluded by asking whether its authors "are not ashamed" of their lack of moral courage.

Her response is not a legal allegation, much less a comparison with the rules of the international law in force. Rather, it is a defamatory insult, and another example of the unipolar power's intolerable extrapolations and its brazen intervention.

It now remains for the nations on the continent, obviously including Canada, not to allow themselves to be intimidated, and to uphold their just position on behalf of our national sovereignties, and for the Inter-American Judicial Committee to take steps to safeguard our countries' economic interests and political freedom.

In this entire process, Colombia has not been a stranger to the unlawful pressures from the unipolar regime. Ever since the anti-communist battle was supplanted by the necessity for fighting the drug traffic, with nothing or very little being done on the other side against its internal consumption, we have been putting up with the pressures inherent in the most stifling intervention. It is all intended to justify, for the time being, the adventures of an election campaign, but always in search of the arbitrary subjugation to its invincible power.

The pressures have not ceased to be exerted, and whenever a U.S. official visits us or speaks from the pinnacle of his power, he proposes to us a new type of submission, as a guarantee for granting us his country's international approval or, otherwise, penalizing us with the punitive black list that remains in the hands of President Clinton.

Consequently, it is necessary for the Latin American governments and peoples to present an indissoluble united front against the unipolar power of the United States.

Colombia: Senator on Administration's Social Policy

96SM0342A Santa Fe de Bogota EL TIEMPO in Spanish 2 Jun 96 p 5C

[Article by Juan Camilo Restrepo: "What's Going On With Social Policy?"]

[FBIS Translated Text] The rural development summit could not have been more pathetic. Since this administration has nothing to show in the way of concrete achievements for the rural world, it decided to offer farmers meeting in Fusagasuga an interoceanic canal for the next century. This is a good illustration of what is going on in our country.

Social policies are this government's banner, what it boasts about the most. But what is the real story about these policies?

If one goes by the evaluation recently made of the so-called Social Leap's first year, things are going swimmingly. The government quotes clever figures indicating that 93 percent of the Social Leap was executed in 1995. However, such percentages are precisely that: clever figures. If one compares the original appropriations versus payments actually made, one sees that no more than 50 percent of the plan was carried out last year.

Employment Plan

This government has already made six budget cuts since it took office, cuts that have basically affected investment columns more than operations. The budget lag is immense and continues to grow. Delays of executive entities in the social field have become obvious.

Moreover, social programs of a non-budgetary nature are not doing well either. Employment posts the worst results: In 1995, at least 400,000 jobs were to have been created out of the projected goal of 1.6 million for the 4-year period, but scarcely 200,000 have been generated.

The government blames its failure on the increase in the rate of participation in the labor market. The increase is a fact, but not a valid reason. The only thing revealed by the rise in the rate of participation is that families are having a harder time now than they did a year ago, the housewife has now started looking for work outside the home, and the son who was in school has had to drop out of the university or high school to knock on the doors of the job market.

More Cuts Ahead

As if this were not enough, the National Planning Department has now announced that more cuts will

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have to be made in the Development Plan (during the remainder of the 4-year plan), cuts totaling some 3.5 billion pesos. This would be a drastic cut to be added to those already made totaling some 1.5 billion pesos.

In other words, if these predictions come true (and after all we Colombians have been told about a rumored tax reform to finance the development plan), the Social Leap will end up being cut more than the amount of the incremental investment projected for the entire 1995-1998 period.

Simply put, this government's social program amounts to no more than the bombastic announcements of meetings and speeches. There continues to be an enormous gap between promises and the reality of the "people's time."

Ecuador

Ecuador: Peru Reportedly Not Demobilizing Border Troops

PY1106014596 Quito Voz de Los Andes in Spanish 2300 GMT 10 Jun 96

[FBIS Translated Text] The Ecuadoran Armed Forces have expressed concern because Peru has allegedly not demobilized its troops from the border region. They added that military measures might be adopted in view of this situation.

General Jorge Ortega, Ecuadoran Joint Command chief, said: There is absolutely nothing we can do to stop Peru from reinforcing [its troops on the border], but we must adopt the appropriate military measures. Nevertheless, Ortega did not specify to which military measures he was referring.

Gen. Ortega reasserted that the Ecuadoran Government had charged before the Ecuador-Peru Military Observers Mission [MOMEP] that Peru has not demobilized its troops in a jungle area that is claimed by both countries. He said that this is an essential step to advance in the peace process.

Ortega said: We have charged before the MOMEP that Peru has not reciprocated in demobilizing its troops and that it has established watch posts at land marks 13, 14, and 15 [numbers as heard].

He added that the Ecuadoran Armed Forces are naturally concerned about this, particularly in view of the current peace negotiations process. He said: We hope that the guarantor countries study and investigate this Ecuadoran charge.

Ecuador and Peru were engaged in a war in 1995. They later signed a peace agreement entitled the Itamaraty [Brazilian Foreign Ministry headquarters] Declaration, which establishes the demobilization of troops along the border.

According to the Ecuadoran Armed Forces, the Lima government has not completed the demobilization stage, awaiting a definition of the border region. Ecuadoran Defense Minister Alfonso Alarcon has said that this request may interrupt the Ecuadoran-Peruvian peace process. He added: In a way, I believe this is an interruption of the peace process. At any rate, I hope I am mistaken and that Peruvian officials are indeed willing to cease resorting to these sorts of strategies, in order that we can move forward.

Moreover, Alarcon stated that the MOMEP and the guarantor countries, that is, Argentina, Brazil, Chile and the United States, have been duly informed that Peru has allegedly not demobilized its troops and that it has established watch posts at land marks 13 and 14 [numbers as heard] in the Amazon border region.

Gen. Ortega insists on the need to define the procedures for actions on the part of the MOMEP, which, as of March, has been conducting its activities on the basis of guidelines established for the previous period.

Ecuador has formally charged Peru with conducting an international campaign to undermine its image through the use of false charges about the disappearance of Peruvians. Ecuadoran Foreign Minister Galo Leoro has stated that Ecuador has no evidence or means to verify the entrance into its territory of a group of Peruvian citizens who, according to the Peruvian Government, have disappeared.

Galo Leoro said that these charges are old issues Peru is reviving within the framework of a campaign that, unfortunately, is being launched at an untimely moment, with the intention of undermining Ecuador's international image.

He added that Peru's actions regarding fictitious situations are not in line with the process both parties have undertaken to promote confidence on both sides of the border in order to begin negotiations on bilateral territorial issues.

Ecuador: Peruvian Officials To Discuss 'Disappearance'

PY1106014696 Quito Voz de Los Andes in Spanish 2300 GMT 7 Jun 96

[FBIS Translated Text] Officials of the Peruvian Foreign Ministry are in Ecuador to meet with Ecuadoran Foreign Ministry officials to discuss the alleged disappearance of 13 Peruvian citizens.

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Consular Affairs Director Eduardo Llosa and Foreign Relations Adviser Pedro Rey of the Peruvian Foreign Ministry arrived in Quito yesterday to hold working meetings with officials of the Ecuadoran Foreign Ministry in relation to the whereabouts of 13 Peruvians. A source said that they did not come to investigate and that the meetings, which have not yet yielded any results, continued today.

The source added that the two Peruvian officials plan to travel to Guayaquil tonight to meet with the Peruvian consuls of Machala, Macara, and Loja, which are located on the Peruvian border.

Paraguay

Paraguay: Uruguay's Sanguinetti Arrives on Official Visit

PY1006205096 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1610 GMT 10 Jun 96

[FBIS Translated Excerpt] The balance of trade exchange and Mercosur [Common Market of the South] are among the subjects on the agenda that the presidents of Paraguay [Juan Carlos Wasmosy] and Uruguay [Julio Maria Sanguinetti] will discuss during latter's visit to our country.

Sanguinetti arrived in Asuncion this morning and was welcomed at the airport. He later held his first working meeting at Government House. [passage omitted]

Paraguay: OAS 'Unprecedented Rebellion' Against U.S. Viewed

PY1106011196 Asuncion ULTIMA HORA in Spanish 7 Jun 96 p 20

[Commentary by Enrique Guzman de Acevedo]

[FBIS Translated Text] The hemispheric OAS foreign ministerial assembly that closed in Panama today was marked by the unprecedented rebellion of all U.S. allies in the continent against the United States, marking a new milestone in the efforts for regional independence.

The unexpected and solid joining of the regional bloc of 33 states in Panama to reject the "extraterritoriality" of a U.S. law that threatens sanctions against countries that trade with Cuba marked a historic change in the relations between the United States and the rest of the Americas and the Caribbean.

South American foreign ministers and ambassadors mentioned, outside of the OAS ministerial assembly, that the objective of the Helms-Burton Law, which was added to other inter-American "differences," was "the straw that broke the camel's back" and that the "rebellion" by Canada, Latin America and the Caribbean made possible "the birth of a new OAS."

"A more lively, dynamic, and strong OAS" was how Cesar Gaviria, former Colombian president and current OAS secretary general, put it during an interview with AFP.

The U.S. "certification" of Latin American countries' good "behavior" in their efforts against drug trafficking, the U.S. "neglect" of Central American countries, and different conceptions with regard to the proper manner in which to confront the Cuban political problem are some of the "differences" referred to above.

Central American people speak about a regional "disappointment." The OAS assembly in Panama was characterized by a diplomatic battle concerning the consequences of the Helms-Burton Law.

The unusual common front formed by 33 of the 34 OAS members marked the beginning of a historic chapter in hemispheric relations, suddenly changing the characteristic OAS cautious pace in moving forward on hemispheric issues.

This bloc categorically rose up against the "fateful effects" of the U.S. law and asked the appropriate OAS specialized committee "to certify" the international juridical validity of the U.S. domestic law.

The United States rejected as "diplomatic cowardice" the "undignified" procedure used to avoid a debate on the issue and accused the group of 33 countries of using "clumsy interventionism." Foreign ministers openly criticized the Helms-Burton Law and Gaviria supported them through his remarks to AFP.

There is "great concern among the vast majority of countries in the continent with regard to the extraterritorial consequences of the law" that was approved by the U.S. Congress last March, Gaviria said.

"In effect, there is great concern that this type of legislation might prevail in the future," Gaviria said, adding that the desire to advance toward regional integration is so great that the Cuban question will not affect the regional integration process.

The differences between Latin America and the United States on the Cuban issue "will always be present until a solution is found for the problem," the OAS secretary general said.

Gaviria believes that the Cuban issue is one of the great "political challenges" facing the countries of the hemisphere, [illegible] it will not tarnish or affect the regional integration process.

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With respect to the storm unleashed due to the "diplomatic cowardice" of U.S. political and economic associates in the continent, as the United States put it at the OAS assembly, Gaviria said that it "was something new" in regional history.

The OAS secretary general recalled that in the past, the OAS always abstained from analyzing very controversial political issues, adding that now, in Panama, "a polemical and contentious issue was brought to the floor by the foreign ministers themselves."

The event showed that the OAS is now "more lively and dynamic than in the past."

Gaviria stressed: "The meeting in Panama reflects the new spirit of the organization."

"We had a much franker dialogue" than in the past, Gaviria said. After the storm there was calm.

Uruguay

Uruguay: Effects of Brazilian Trade Measure Viewed

PY0706144696 Madrid EFE in Spanish 1504 GMT 6 Jun 96

[FBIS Translated Text] Montevideo, 6 Jun (EFE) — Uruguayan entrepreneurs' spokesmen announced today that one Uruguayan textile factory closed this morning, and 20 employees were dismissed from another company, due to the Brazilian decision to impose barriers hindering the import of textiles.

The factory employs 250 workers and will be closed for a month waiting for a solution of the differences with the Brazilian Government, but the closure will become definitive if the situation does not change, company spokesman told EL OBSERVADOR, of Montevideo.

The company that dismissed 20 workers had 150 employees and it was directly affected by the Brazilian measure.

Thirty five days ago the administration of Fernando Henrique Cardoso decided to reduce the period for financing the import of textiles from 180 days to 30 days.

The measure seeks to protect the Brazilian textile industry, which is going through a strong recession, in view of the massive entry of low cost clothing coming from Asian countries.

The decision, however, also affected Uruguay and Argentina, Brazilian partners in the Common Market of the South (Mercosur), whose textile industries are smaller but have better technology than that of their neighbor.

Uruguay sent a formal complaint to Brasilia because it considered that the reduction of the financing period — without previous consultation — is a nontariff barrier that hurts its exports, a position that was later supported by Argentina and Paraguay.

The Brazilian Government, through Jose Botafogo Goncalvez, integration, economic affairs, and foreign trade vice minister, communicated to the Uruguayan Foreign Ministry that the matter would be resolved in the next few days with some measure excluding Mercosur member countries from the decision.

Uruguay: Letter of Intent With IMF Detailed

96SM0332A Montevideo BUSQUEDA in Spanish 23-29 May 96 pp 1, 44-45

[Unattributed article including "text" of Letter of Intent: "Agreement With IMF Foresees 30 Percent Reduction in Public Sector by June"; first five paragraphs are editorial introduction]

[FBIS Translated Text] The Uruguayan Government has made a commitment to the IMF [International Monetary Fund] to carry out a 30 percent reduction in executive bodies of the central government before the end of June and to prepare a list of "excess personnel" in September.

This commitment is included in a memorandum of understanding with the international organization in which the government sets out its economic program for 1996. In the program is included a reduction of 30 percent in the $900 million, short term public debt by obtaining loans and through the issuance of long term, public obligations.

The letter of intent, which BUSQUEDA publishes below, summarizes government forecasts for 1996 as follows: a 20 percent annual inflation rate, a budget deficit amounting to 1.0 percent of GDP [Gross Domestic Product], and a growth in GDP of 1.0 percent.

More than two months after the Uruguayan economic authorities signed the letter of intent to the International Monetary Fund and committed themselves to carry out their economic program for 1996, the text of these documents reached Parliament. Minister of Economy Luis Mosca sent these documents to the Finance Committee of the Chamber of Deputies on 20 May.

The commitment sets out the macroeconomic goals already announced by the government's economic team on various occasions and presents a view of the objectives sought in terms of adjustments in the structure of the state, privatization of services in outlying areas (turning them over to third parties), and the abolition of executive bodies in the central government (a reduction of 30 percent in expenditures in this category by

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30 June). The commitment also states that an undetermined number of public officials will be declared surplus to government needs before September. It sets out the objective of reducing the short term public debt now amounting to $900 million by one-third by obtaining loans from the Interamerican Development Bank (IDB) and through the issuance of long term, public obligations on the local and international market.

Following is the complete text of the agreement with the IMF:

Mr Michel Camdessus Managing Director International Monetary Fund Washington, DC 20431

Dear Mr Camdessus:

1. The attached memorandum on economic and financial policy analyzes the strategies and actions taken in those areas in accordance with the economic program of the Government of Uruguay for fiscal year 1995/1996 (a year which ends on 31 March 1996). This economic program is being monitored by the staff of the IMF. Furthermore, this program describes the objectives and the policies which the Uruguayan Government plans to implement during 1996. To reduce the external vulnerability of the country and to support its objectives and policies, the Uruguayan Government hereby requests, as a precautionary measure, a "Stand By Agreement" amounting to 100 million Special Drawing Rights [SDR's] (44.4 percent of its subscribed quota).

2. The Uruguayan Government considers that the policies and actions to be taken, described in the attached memorandum, are appropriate to achieve the objectives of its program. However, it will take whatever other measures which may be needed for that purpose. Uruguay will consult with the managing director of the International Monetary Fund on adopting measures which may be needed, on the initiative of Uruguay or when the managing director requests such consultations. In particular, Uruguay will analyze its annual program with the IMF before the end of August 1996 to evaluate the progress made in the implementation of its financial and structural policies. Before the end of February 1997 it will reach agreement on economic and financial policies for that year. Sincerely,

[Signed] Luis Mosca, Minister of Economy and Finance Ricardo Pascale, President of the Central Bank of Uruguay

Memorandum on the Economic and Financial Policies of Uruguay in 1996

1. Between 1990 and 1994 the Uruguayan Government carried out policies aimed at reducing inflation and promoting economic growth. Progress was noted in strengthening public finances, in the reduction of salary indexation, in opening up the economy, and in the reduction of state intervention in the economy. The implementation of these policies had the support of "Stand By Agreements" with the Fund which were approved in 1990 and 1992 and which were monitored by the staff of the Fund in 1994. Inflation was reduced from a level of 130 percent annually in 1990 to 44 percent in 1994. The ratio of investment as a percentage of GDP increased from 11 percent in 1990 to 14 percent in 1994, and the growth of real GDP averaged 4.0 percent annually during the period 1990-1994, compared with the historical trend of 2.0 percent annually.

2. At the beginning of 1995 the external situation affecting Uruguay deteriorated because of the Mexican financial crisis, which substantially increased the risk that there would be a significant fall in export income and a substantial amount of capital flight. As a result of that the Uruguayan Government, which assumed power in March 1995, rapidly implemented a macroeconomic program to ensure that public confidence would be maintained and that the external vulnerability of Uruguay would be reduced.

1995/1996 Economic Program

The macroeconomic program of the government for the 1995/1996 fiscal year (which ended on 31 March 1996) and which was monitored by the staff of the Fund, sought to reduce the inflation rate to 30 percent during the 1995/1996 fiscal year and to reduce the deficit in the balance of payments on current account to 2.5 percent of GDP in 1994 and to about 2.0 percent of GDP during the 1995/1996 fiscal year. It sought to increase gross, official reserves to reach a level equal to almost five months of imports of goods and services.

The program assumed that economic growth would amount to 1.0 percent annually in calendar 1995 and in fiscal year 1995/1996.

4. The behavior of the principal financial variables affecting the government's economic program was broadly satisfactory until September 1995. It was confidently anticipated that it would continue to be satisfactory during the rest of calendar year 1995. Regarding public finances, there would have been a reduction in the combined deficit of the Public Sector (including some semi budgetary activities) from the 3.25 percent [of GDP] observed in 1994 to 1.75 percent of GDP in calendar 1995 (as was anticipated in the program). Central government expenditures on salaries declined due to the decision to freeze vacancies beginning in May 1995 and as a result of prudent

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salary adjustments. On the other hand expenditures on goods and services and capital expenditures declined from the historically high levels reached in 1994 and at the beginning of 1995. At the same time tax collections strengthened after the implementation of the fiscal package of May 1995. This included increases in the rates of the Value Added Tax (VAT) and personal income tax, as well as a reduction in exemptions from the VAT and other changes in the tax on company income and in the sales tax. These measures were adopted to increase tax revenues. Furthermore, the budget surpluses in publicly owned companies rose due to increases in prices and charges and cost containment measures.

5. At the same time, to improve external competitiveness and to promote investment and employment in industry, social security contributions by company management in the industrial sector were reduced in July 1995 from 20.5 percent to 14.5 percent, simultaneously with the increase in public receipts. Furthermore, family allowances were increased in May 1995 to help low income families.

6. The adjustments made in public finance since May 1995, together with the efforts undertaken by the Central Bank of Uruguay (CBU) to restrict credit expansion, contributed to achieving more than the anticipated objectives of the economic program in terms of net domestic assets and net international reserves of the CBU. These actions supported the maintenance of foreign exchange policy with a depreciation of 2.0 percent monthly in the exchange rate. Since the beginning of 1995 interest rates for financial instruments denominated in pesos have declined sharply, and the peso has been maintained for a prolonged period at the highest level within the foreign exchange band, reflecting strong, sustained confidence in the program.

7. The implementation of the policies mentioned above made possible a reduction in the annual rate of inflation to almost 35 percent during the 12 months ending in December 1995. It was hoped that the deficit in the balance of payments on current account would be reduced to 2.0 percent of GDP in 1995 and that the gross reserves of the CBU would increase to about $200 million in 1995. Nevertheless, given the decline in external demand and its adverse effects on domestic investment, it has not been possible to prevent a weakening of economic activity, and it is expected that real GDP will decline by 2.5 percent in 1995.

8. The economic program of the Uruguayan Government also includes reforms to strengthen public finances over the medium term, at the same time that burdens on the private sector are reduced, due to the substantial repayments necessary to finance social security. The law on reforming the principal social security system was approved in September 1995. (The BPS [Social Security Bank] system covers 80 percent of the labor force and accounts for 11 percent of GDP in the payment of allowances.) The reform seeks to reduce the rapid growth of expenditures on pensions, improving the administration of contributions to the system, and establishing a complementary system, based on the individual capitalization of funds to increase private savings. This reform will gradually increase the minimum retirement age for women from 55 to 60. It provides for incentives for individual retirement at 65 years of age and older. Linkages have been provided between individual pension benefits and contributions effectively made to the system. It increases from three to 20 the number of years used to calculate the basic retirement pension. It limits eligibility for pensions to old age and disability. Investment of the contributions of some workers may be made in individual, complementary accounts managed by the Board of Administrators of Social Security Savings Funds (AFAP), a mixed public and private entity. The reform law provided for expanding its coverage to military, police, and other semi state social security systems. It is estimated that the reform law will reduce expenditures on pensions by about 1.5 percent of GDP over the medium term and that it will increase private savings significantly.

Program for 1996

9. Despite the progress made in 1995 Uruguay continues to be vulnerable to adverse external economic developments. The economic program of the government for 1996 seeks to reduce even further the external vulnerability of the country while it consolidates economic stabilization and expands the process of structural reform. The program has been prepared in the context of a medium term strategy to reduce inflation gradually to the levels of the industrialized countries, to improve the allocation of resources, and to increase national savings and investment to promote sustained, economic growth. The strategy is based on the elimination of the budgetary deficit, on prudent income and credit policies, on reforms in the social security system, in the tax system, in public administration, and in the financial sector, as well as in achieving a greater degree of deregulation of the economy.

10. More specifically, the program for 1996 is aimed at the reduction of the annual rate of inflation to 20 percent by the end of 1996; achieving a reduction in the deficit of the balance of payments on current account to a level close to 1.5 percent of GDP; and making a substantial reduction in the short term public debt,

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maintaining international reserves at a level equal to five months of imports of goods and services. The program assumes that external economic conditions will remain reasonably stable and that real GDP will increase by 1.0 percent in 1996. The policies contained in the program are described in the following paragraphs, and the specific and quantitative goals of the program are also set forth below.

Budgetary Policy

11. The budget program aims at the reduction of the combined deficit of the public sector from a level in 1995 of about 1.75 percent of GDP to 0.5 percent of GDP in 1996. The reduction of the deficit principally will reflect an increase in savings in the public sector. It is hoped that in 1996 net repayments of external loans will more than cover the combined deficit of the public sector. A reduction is anticipated in the net obligations of the public sector held by the banking system, including Treasury securities held by the banks. In accordance with the objectives of this policy, the government has set out quarterly limits until December 1996 for the combined deficit of the public sector and for current, discretionary expenditures of the central government. 12. The program anticipates that the financial deficit of the central government will be reduced from a level estimated at 2 1/4 percent of GDP in 1995 to 1 1/4 percent of GDP in 1996. An increase is projected in current receipts of the central government, rising from about 27 percent of GDP in 1995 to 28 percent of GDP in 1996. This increase reflects the tax measures included in the fiscal package of May 1995 and those to be introduced in 1996 (described below), as well as the increased payment of taxes by publicly owned companies. It is anticipated that this increase in receipts will be partially compensated for by the effects of a continuation of weak, domestic demand and the effect throughout 1996, beginning in July 1995, of the reduction recorded in company contributions to social security in the industrial sector.

13. The tax measures to be introduced in 1996 have the objective of providing greater incentives for investment, an improvement of competitiveness abroad, and the strengthening of tax collections estimated at 1/2 percent of GDP. These measures include:

- 1) extending the coverage of the capital levy to all companies, with its rate going down from 2.0 percent to 1.5 percent. This will make it possible for payments of the IRIC [Income Tax on Industry and Commerce] to be credited for the payment of the capital levy, with the exception of the capital levy on land;
- 2) eliminating certain gaps in the IRIC, while improving the system to avoid double taxation of dividends;
- 3) eliminating the tax on increases in the paid-in capital of companies above a certain amount;
- 4) substituting the IMAGRO [Tax on Farming Activities] (which is based on the value of the land) for the IMEBA [Bank Assets Tax], which is a tax on the sale of agricultural products, at a rate which would vary between 1.5 and 2.5 percent. In turn this will be considered a credit against the payment of the IRA [Farm Sector Income Tax];
- 5) taxing bank assets (with the IMABA) [Tax on Banking Activities] independently of the duration of the contract in order to reduce financial costs;
- 6) eliminating exemptions on the payment of the Value Added Tax for certain goods and services and on the interest of most consumption loans;
- 7) increasing the IMESI [Specific Domestic Tax on Oil Imports] on the import of gasoil from 20 to 30 percent;
- 8) setting up new systems for prepayment of the VAT and specific customs taxes at the wholesale level to prevent tax evasion.

14. It is projected that central government expenditures will increase slightly in terms of the GDP, amounting to about 29.25 percent in 1996. It is estimated that salaries paid by the central government will increase from 5.0 percent of GDP to 5.25 percent in 1996. These increases in salaries (see numbered paragraph 16 below) would be partially compensated for by the decline in employment. This reflects the prohibition on new hiring, which has been in effect since May 1995. It is anticipated that payments of social security allowances will increase from 15.75 percent of GDP in 1995 to 16.25 percent in 1996, since it is estimated that the number of retirees will increase in anticipation of the entry into force of stricter conditions on retirement as a result of the reform of the law on pensions and the increase in family allowances approved in May 1995, which will be in effect during all of 1996. It is projected that expenditures on goods and services will fall from 3.3 percent of GDP in 1995 to 2.9 percent of GDP in 1996, while expenditures on interest will decline by one third of a percentage point, ending up at about 1.3 percent of GDP. Government investments will increase slightly to about 2.25 percent of GDP in 1996, since part of the investments in transportation will be completed by the private sector. At the same time it is projected that the semi budgetary deficit of the CBU [Central Bank of Uruguay], the BHU [Uruguayan Mortgage Bank], and the commercial banks managed by the government, which principally reflects the service on the external

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debt of the CBU, will decline slightly to 0.5 percent of GDP in 1996, thereby reflecting lower levels of international interest rates.

15. It is hoped that the surplus of publicly owned companies will increase from 1.0 percent of GDP to 1.25 percent of GDP in 1996. Charges and prices of public sector companies will be unchanged in real terms, maintaining the increases recorded during 1995, while publicly owned companies have adopted modern billing practices, improving collections and lowering costs. Investments by these companies will be constant in GDP terms, since a growing proportion of their investments will be the responsibility of the private sector. (See this point in Paragraph 23 below.)

Incomes Policy

16. Incomes policy will help to achieve the objectives of the budget and inflation program. During 1996 the overall increase in salaries in the public sector will be in line with projected inflation. Nevertheless, average salaries will increase by about 23 percent, reflecting the extraordinary increases in salaries for education, the court system, and police and military personnel, as part of an effort to improve essential services. Salary increases in the construction and health sectors, where the government plays an important role in contracting for services, will be adjusted as a function of 90 percent of past inflation. Salaries in the rest of the private sector will continue to be determined without the intervention of the central government.

Monetary and Credit Policies

17. Credit policy will be aimed at achieving the objectives set forth in the program in terms of inflation and the balance of payments. During 1996 it is projected that money in circulation will increase by 23 percent, while the net international reserves of the Central Bank of Uruguay will remain unchanged. The economic program of the government assumes an increase of 23 percent in expanded, monetary aggregates. By virtue of the reduced financial needs of the public sector it is hoped that loans to the private sector will increase by 25 percent, making greater private investment possible. On these bases limits have been determined for the variation in net domestic assets of the Uruguayan Central Bank, as well as objectives for the increase in net international reserves between now and December 1996. Furthermore, suggested limits have been set for the expansion of credit by the BROU [Bank of Uruguay] and the BHU [Uruguayan Mortgage Bank] between now and December 1996.

Foreign Policy

18. With the support of financial policies described previously the government intends to slow down the rate of change in the foreign exchange rate band, in line with the objectives of the program in terms of inflation. On the other hand efforts to increase productivity, lower domestic costs of production, and improve external competiveness will be concentrated on the implementation of the taxation policy mentioned above and on the structural reforms which are set out below. It is the intention of the government to keep the foreign exchange system of Uruguay free of restrictions on payments and transfers for current and capital transactions.

19. The government is seeking to extend the periods of maturity of the public debt. In this context the financial plan for 1996 is considering obtaining loans from the IDB [Interamerican Development Bank] to support the structural reform program of Uruguay and the net placement of $125 million in long term securities on the domestic capital market and at least $100 million in medium and long term securities on the international capital markets. This will permit a reduction of one-third of the approximately $900 million (5.0 percent of GDP) in short term public debt. In accordance with this the government has set limits for further indebtedness of the public sector.

Structural Reforms

20. The recently enacted reform in the social security system will be implemented in 1996, and the government is discussing with the IDB a loan to be repaid in three years to support this program. The system of individual accounts to keep track of personal contributions to the social security system (part of labor history) will be functioning by the first half of 1996. It is hoped that it will substantially improve the administration of contributions to social security and to retirement benefits. Also being implemented is a process of modernization and decentralization of operations of the BPS [Social Security Bank]. The regulatory framework for the Administrative Authorities of Social Security Savings Funds (AFAP) will be completed during the first quarter of 1996, and it is hoped that several AFAP's will be operating by the middle of 1996. In accordance with the reform law approved in September 1995 the government will propose a law to Parliament to reform the remaining social security organizations. The government is also considering ways to improve efficiency in the health, unemployment insurance, and family allowances sectors.

21. The reform of the central government is another, fundamental policy which the government will begin

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to implement in 1996. It is aimed at a complete revision of management practices and financial administration. It will involve a basic, operational restructuring of employment and compensation in the central government. The reform is aimed at achieving greater openness and efficiency in the use of resources, while redirecting expenditures toward priority areas such as education, health, and economic infrastructure. At the same time the government will continue to prohibit the employment of new public servants for 10 years and will implement a program of voluntary retirement and the identification of surplus personnel by September 1996, combining incentives in cash and arrangements for job retraining. It will also link the pay of government officials to their performance.

In 1996 the reform program will include extra budgetary receipts and expenditures in the budgetary process. It will reduce the number of executive agencies by about 30 percent by June 1996 and will set out a framework to transfer to the private sector some of the activities which the public sector has been performing.

22. With the help of the IDB the government is also preparing a broad reform to improve the quality and coverage of services in the field of public education. The reform will be aimed at primary and secondary education, including training to improve the qualifications of teachers, the restructuring of teachers' salaries, changes in the curriculum, the supply of teaching materials, and the construction of classrooms and other areas of infrastructure. The reform will also involve the decentralization of the administration of public education to make it more adequate to community demands.

23. On the other hand, in the implementation of policies to strengthen credibility and improve macroeconomic conditions the government intends to promote private investment, opening up several areas to private initiative. The State Telecommunications Company (ANTEL) is considering entering into agreements with private companies for the installation and operation, over a period of five years, of telecommunications systems which, it is hoped, will significantly meet the needs of the national telephone system in 1996. The transportation of natural gas and its distribution will be opened up to private investment through invitations to bid in June 1996. The object is a long term concession for the construction and operation of a natural gas pipeline between Montevideo and Buenos Aires. (It is hoped that construction will begin in 1996 and that natural gas will begin to be transported through the pipeline in 1997.) Furthermore, Parliament is presently considering legislation:

- 1) To set out a regulatory framework to permit the private sector to invest in the generation of electricity and to allow the General Administration of State Electric Power and Telephones (UTE) to enter into a joint venture with the private sector to integrate the electricity system of Uruguay with those of neighboring countries;
- 2) To eliminate the state monopoly over the production of alcoholic beverages;
- 3) To invite private sector investment in the distribution of water, in the provision of sewage services, and in the treatment of waste products.

In 1996 the government will also approve long term concessions to the private sector for highway and railway transportation and for the administration of ports.

24. The Uruguayan financial sector requires even greater modernization to make it possible for it to become an important, financial center within Mercosur [Common Market of the South]. With this objective in mind the government recently proposed a draft bill setting down a regulatory framework to finance the operation of the domestic and off-shore [preceding word in English] capital market, including the operations of mutual funds and a market for commercial paper. It also provides for the elimination of restrictions on domestic mortgages for the private banking sector. It is hoped that a significant volume of long term, financial resources will be found to be available for domestic investors as a result of the reform of the social security system.

25. In 1996 the BROU [Bank of Uruguay] will begin to implement a program to improve its operations. This is essential for the improvement of the efficiency of its financial management. With this objective in mind a contract for the services of an international firm of consultants has already been entered into. Steps will be taken to rationalize operations, reduce the number of employees through anticipated, voluntary retirement, and the separation from the service of certain officials. The salary structure will be modified to retain qualified personnel and to incorporate new technologies. Action is also being taken to improve the collection of loans and to improve the quality of the loan portfolio.

Venezuela

Venezuela: Burelli on Trade With Cuba, Joint Oil Plans

PA1106044196 Mexico City NOTIMEX in Spanish 2319 GMT 10 Jun 96

[FBIS Translated Excerpt] Caracas, 10 Jun (NOTIMEX) — Venezuelan Foreign Minister Miguel Angel Burelli

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has stated that the Venezuelan Government will continue its trade relations with Cuba, "if they are advantageous," despite the threat from the United States on implementing the Helms-Burton law.

The head of Venezuelan diplomacy reiterated in a news conference his government's position rejecting the White House's attempt to implement a national law beyond its borders.

"No law in one country can be enforced in other countries," Burelli emphasized, adding that his country has relations with the Caribbean island and will probably continue them, just as the Venezuelan businessmen will.

Venezuela is studying the possibility of implementing a three-party oil transaction plan with Russia and Cuba, based on which Caracas will supply crude oil to Havana while Russia delivers oil to Venezuelan clients in Europe.

The three-party transaction plan is intended to save crude oil transportation costs because Russia would not have to ship oil to Cuba, and Venezuela would also save in transportation costs to northern Europe.

Burelli said 32 OAS countries asked the organization's juridical committee on Tuesday to issue a ruling on the Helms-Burton law, "and the United States should have signed it, too," he added.

He said the fact that they requested the OAS Juridical Committee to issue a ruling does not imply rejection of the law, only having a specialized opinion, so the White House should have been among the signatories. [passage omitted]

Venezuela: Interior Minister on Recent 'Terrorist Actions'

PA1106044896 Caracas EL NACIONAL in Spanish 8 Jun 96 p D2

[Report on interview with Interior Minister Jose Guillermo Andueza by Alonso Zambrano; date not given]

[FBIS Translated Text] Maracaibo (Special) — Venezuelan Interior Minister Jose Guillermo Andueza, who lectured on the role of the state at the private Belloso Chacon University and attended the swearing-in ceremony of the new Zulia parliamentary bloc board, said that there are people in the country who want to instigate a social explosion with terrorist actions. He also said that the suspension of constitutional guarantees is not under consideration.

Answering questions on the burning of urban collective transportation vehicles in Caracas, the minister said that the government has not received information from security organizations that Colombian guerrillas are involved in those violent actions.

"I like to make reports when I have the evidence in my hand. I do not have the evidence to make such an assertion."

[Zambrano] What is the latest on this case?

[Andueza] The investigations continue but up to now, we have been unable to determine who is behind all this.

Andueza also stated that the security organizations have operational plans to face violence every time it arises.

[Zambrano] Could we say that there is terrorism in Venezuela currently?

[Andueza] We have studied the matter and we have the feeling that we are going into such a phase. We have nothing confirmed but we feel this is what could happen.

Regarding the burning of vehicles, Andueza reported that the police are working on several hypotheses, including the possibility that common criminals are behind all this. He added, however, "I personally do not believe common criminals are involved."

[Zambrano] Is it possible that we are facing the rebirth of the urban guerrilla in Venezuela?

[Andueza] It would be premature to make this kind of an assertion.

[Zambrano] You have said, however, that you do not believe common criminals are the ones who have systematically been burning the vehicles in Caracas?

[Andueza] My assertion is based on my theoretical knowledge of the subversive strife. I had studied the subversive's actions in the 1960's and this information is what has led me to believe that we could possibly be getting to such a phase. They [not further identified] have been calling to a social explosion for two years and it has never taken place. Thus, they are now trying to trigger it through violent actions.

[Zambrano] It is said that the government could suspend guarantees if the wave of violence continues.

[Andueza] This measure is not being considered.

Venezuela: Congress President on Destabilization 'Plot'

PA1106025296 Caracas EL NACIONAL in Spanish 9 Jun 96 p D3

[Report by Marianela Rodriguez]

[FBIS Translated Text] Puerto Cabello — Congress President Cristobal Fernandez Dalo referred to the ter-

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rorist attacks on public transportation buses in Caracas and said that there is a plan or plot to regroup subversives scattered all over the country, in an attempt to use as a pretext the displeasure that the national government's measures may provoke.

The congress president said that his visit to Puerto Cabello is because he was invited by Mayor Alfredo Sabatino, within the framework of the tours he carries out through various cities, so congress may again reiterate the people's needs and proposals.

[Reporter] What is your opinion on the terrorist actions that have resulted in the burning of 13 public transportation buses and the death of two people?

[Fernandez] "The Venezuelan people's reaction regarding a series of measures announced by the president of the republic on 15 April was contrary to what many expected; it was a reaction of patience and great maturity. Therefore, this type of action, attributable to minority groups that are completely out of place, lacks the people's support and, quite the contrary, they provoke the Venezuelan public's rejection. [quotation marks as published]

He added: I have information which allows me to state that we are seeing a plot which seeks to reorganize subversive groups scattered all over the country, trying to use the initial displeasure caused by the measures as a breeding ground, and to achieve something in the long term.

In his opinion, those plans will fail because most of the people reject them. "From congress I issue an appeal to the people, so they react in favor of peace and in favor of an atmosphere of civic spirit; so that protests are carried out as the people have a right to, in a legal manner."

[Reporter] How would the plot work?

[Fernandez] "Certain things cannot be said because they are a state secret, but I do admit that there is a plot to regroup all the subversives scattered all over the country, because that is what many groups — divided until recently due to their internal dispute — are trying to do now," he explained.

Asked about the possibility that former President Carlos Andres Perez may return to the Senate, Fernandez Dalo said no.

"Perez is no longer a senator. Article 148 of the Constitution is applicable here, rather than amendment number 1, which refers to the future election of someone who runs for parliament or the presidency. If that person is sentenced to three years or more he is disqualified. Article 148, which refers to senators who are elected by the people and who have served more than half their term, is applicable in this case."

Venezuela: Officials on Recent Actions by 'Subversives'

PA1106010596 Caracas Televen Canal 10 in Spanish 1600 GMT 10 Jun 96

[Report by anchor Jessuly Gonzalez from "The Newscast"; monitored from retransmission by Lima Sistema Unido de Retransmission Television at 1600 GMT on 10 June]

[FBIS Translated Text] Asdrubal Aguiar, minister of the secretariat of the presidency, has stated that the subversives who burned 13 public transportation buses seek to discredit the country's image before the international community. He added that this involves terrorist actions to stop the progress of the Venezuela Agenda's programs.

The minister said that the series of bus burnings could be attributed to vandalism, but he did not rule out the possibility that there are groups interested in destabilizing the economic adjustment process being carried out by the national government with the IMF's support.

Meanwhile, National Congress President Cristobal Fernandez Dalo said that, according to confidential state information, there is a plan to regroup subversives scattered all over the country, adding that this plan aims to use the people's displeasure over the economic measures as a reason to create a movement that destabilizes the democratic system.

Cristobal Fernandez Dalo explained that these minority groups' intentions are rejected by the Venezuelan people, who have showed their civic spirit regarding the measures announced by President Rafael Caldera on 15 April.

Venezuela: Matos Denies Government Paid Foreign Debt Twice

PA1006140296 Caracas Televen Canal 10 in Spanish 1600 GMT 6 Jun 96

[From "The Newscast"]

[FBIS Translated Text] Venezuela has not paid its foreign debt twice, Finance Minister Raul Matos Azocar said during a hearing of the congressional committee in charge of this matter. The official said the country will pay its international creditors, even if that entails sacrifice.

[Begin recording] [Unidentified reporter] The finance minister said he did not know the date that the country

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took over the debt American Express owed the Anson Drilling group [sentence as heard]. This debt totals $35 billion. In the opinion of Anson Drilling, however, this amount has been paid, and the rulings issued by a higher court and the Supreme Court of Justice attest to that.

[Deputy Pablo Medina] The Finance Ministry and the Public Credit Directorate of this ministry handled the problem in a very direct manner. Anyway, we asked him for the timetable of payments made by the Central Bank of Venezuela from 1983 to date. We also asked him to inform us who the first buyers of the foreign debt certificates in the secondary market in 1990 were, when the foreign debt totaled 35 percent its value. Venezuelans bought them and later sold them to the state at 70 percent of their value. We asked him for this information.

[Reporter] The situation is becoming confusing, since it seems the Industrial Bank of Venezuela took over this debt, but so far the bank's directors have kept silent on the matter and have not sued the Anson Drilling group.

[Anson Drilling President Christopher Gonzalez] The opinion Anson Drilling has held for 12 years and expressed in three different trials is that it paid its debt to American Express Bank Ltd. and that it was improper to collect the guarantees from the Zulia Development Bank.

[Reporter] Matos Azocar refrained from explaining this situation, which arose before he took over as finance minister. He affirmed that the Republic is not involved in the double payment of this debt.

[Unidentified speaker] These same payments were made to different debtors.

[Matos] According to the first report I got, there was no mention of the part of the debt involving the Republic in the trial held in the United States or that this may indicate there was no double payment. Let us wait for the progress this committee makes and the progress in the inquiries the Finance Ministry will conduct. [end recording]

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